

WALT DISNEY CO/
Form S-4
February 17, 2006
Table of Contents

As filed with the Securities and Exchange Commission on February 17, 2006

Registration No.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

THE WALT DISNEY COMPANY

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	7990 (Primary Standard Industrial Classification Code Number)	95-454390 (I.R.S. Employer Identification No.)
--	--	---

500 South Buena Vista Street, Burbank, California 91521

(818) 560-1000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Alan N. Braverman

Senior Executive Vice President, General Counsel and Secretary

500 South Buena Vista Street, Burbank, California 91521

(818) 560-1000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Edgar Filing: WALT DISNEY CO/ - Form S-4

Brian J. McCarthy, Esq.
Joseph J. Giunta, Esq.
Skadden, Arps, Slate, Meagher
& Flom LLP
300 South Grand Avenue
Los Angeles, California 90071
(213) 687-5000

Morton A. Pierce, Esq.
Gordon E. Warnke, Esq.
Dewey Ballantine LLP
1301 Avenue of the Americas
New York, New York 10019
(212) 259-8000

Lois Scali
Executive Vice President
and General Counsel
Pixar
1200 Park Avenue,
Emeryville, California 94608
(510) 752-3000

Larry W. Sonsini, Esq.
Jose F. Macias, Esq.
Michael S. Ringler, Esq.
Wilson Sonsini Goodrich & Rosati
Professional Corporation
650 Page Mill Road
Palo Alto, California 94304-1050
(650) 493-9300

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effectiveness of this registration statement and the satisfaction or waiver of all other conditions under the merger agreement described herein.

If the securities being registered on this form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

CALCULATION OF REGISTRATION FEE

Title of Each Class of	Amount to be	Proposed	Proposed	Amount of
Securities to be Registered(1)	Registered(2)	Maximum	Maximum	Registration
		Offering	Aggregate	Fee(4)
		Price	Offering Price(3)	
		Per Unit		
Common Stock \$0.01 par value per share	317,568,291	N/A	\$ 8,334,096,541	\$ 891,748.33

- (1) This Registration Statement relates to common stock, par value \$0.01 per share of the registrant issuable to holders of common stock, without par value (Pixar common stock), of Pixar, a California corporation (Pixar), in the proposed merger of Lux Acquisition Corp., a California corporation and a wholly-owned subsidiary of the registrant with and into Pixar.
- (2) Based on the maximum number of shares to be issued in connection with the merger, calculated as the product of (a) 138,073,170, the aggregate number of shares of Pixar common stock outstanding as of February 10, 2006 or issuable pursuant to the exercise of outstanding options prior to the date the merger is expected to be completed and (b) an exchange ratio of 2.3 shares of the registrant s common stock for each share of Pixar common stock.
- (3) Estimated solely for purposes of calculation of the registration fee in accordance with Rules 457 (c) and (f) of the Securities Act of 1933, as amended, based upon the product of: (i) 138,073,170, the maximum number of shares of Pixar common stock that may be exchanged in the merger (the sum of (a) 120,253,773 shares of Pixar common stock outstanding as of February 10, 2006, and (b) 17,819,397 shares of Pixar common stock issuable upon the exercise of outstanding options as of February 10, 2006, multiplied by (ii) \$60.36, the average of the high and low sale prices for shares of Pixar common stock as reported on the Nasdaq National Market on February 13, 2006.
- (4) Calculated by multiplying the proposed maximum aggregate offering price for Pixar common stock by 0.00010700.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment that specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this proxy statement/prospectus is not complete and may be changed. Disney may not sell these securities until the registration statement filed with the Securities and Exchange Commission, of which this document is a part, is declared effective. This proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer, solicitation or sale is not permitted or would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. Any representation to the contrary is a criminal offense.

Subject to completion, dated February 17, 2006

To the Shareholders of Pixar:

You are cordially invited to attend a Special Meeting of Pixar shareholders to be held on _____, 2006 at _____. At the Special Meeting, Pixar shareholders will be asked to approve the principal terms of the Agreement and Plan of Merger that Pixar entered into as of January 24, 2006 with The Walt Disney Company ("Disney") and Lux Acquisition Corp., a wholly-owned subsidiary of Disney, and to approve the merger contemplated by the merger agreement. If the principal terms of the merger agreement and the merger are approved, and the other conditions in the merger agreement are satisfied or waived, Lux Acquisition Corp. will merge with and into Pixar, and Pixar will become a wholly-owned subsidiary of Disney. Upon completion of the merger, each outstanding share of Pixar common stock will be converted into the right to receive 2.3 shares of Disney common stock.

Disney common stock is listed on the New York Stock Exchange under the trading symbol DIS. On _____, 2006, the closing sale price of Disney common stock was \$ _____.

Pixar's board of directors has carefully reviewed and considered the terms and conditions of the merger agreement. Based on its review, Pixar's board of directors has unanimously determined that the merger is advisable, fair to and in the best interests of Pixar and its shareholders and recommends that you vote for approval of the principal terms of the merger agreement and approval of the merger.

Your vote is very important. Pixar cannot complete the merger unless the principal terms of the merger agreement and the merger are approved by the affirmative vote of the holders of a majority of the outstanding shares of Pixar common stock entitled to vote at the Special Meeting. **Whether or not you plan to attend the Special Meeting, please complete, sign, date and return the enclosed proxy card or submit your proxy by telephone or on the Internet as soon as possible.** If you hold your shares in street name, you should instruct your broker how to vote in accordance with your voting instruction card. If you do not submit your proxy, instruct your broker how to vote your shares or vote in person at the Special Meeting, it will have the same effect as a vote against approval of the principal terms of the merger agreement and the merger.

The accompanying proxy statement/prospectus explains the merger agreement and proposed merger in detail and provides specific information concerning the Special Meeting. Please review this document carefully. In particular, you should carefully consider the matters discussed under Risk Factors beginning on page 19.

Sincerely,

Steven P. Jobs
Chairman and Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved the merger described in this proxy statement/prospectus or the Disney common stock to be issued in connection with the merger, or determined if this proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated _____, 2006 and is first being mailed to shareholders on or about _____, 2006.

Table of Contents

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To Be Held on _____, 2006

To the Shareholders of Pixar:

Notice is hereby given that a Special Meeting of shareholders (the Special Meeting) of Pixar, a California corporation, will be held on _____, 2006 at _____, local time, at _____, for the following purpose:

To consider and vote upon a proposal to approve the principal terms of the Agreement and Plan of Merger, dated as of January 24, 2006, by and among The Walt Disney Company (Disney), Lux Acquisition Corp., a wholly-owned subsidiary of Disney, and Pixar, pursuant to which Lux Acquisition Corp. will merge with and into Pixar, and Pixar will become a wholly-owned subsidiary of Disney, and to approve the merger, which we refer to as the merger proposal.

The merger proposal is more fully described in the accompanying proxy statement/prospectus, which you should read carefully in its entirety before voting.

Only holders of record of Pixar's common stock at the close of business on _____, 2006 (the Record Date) are entitled to notice of and to vote at the Special Meeting or any adjournment or postponement thereof. A majority of the shares of Pixar common stock outstanding on the Record Date must be voted in favor of the merger proposal in order for the merger to be completed. Therefore, your vote is very important. Your failure to vote your shares is the same as voting against the merger proposal.

Dissenters' rights may be available under Chapter 13 of the California General Corporation Law in connection with the merger. In order to exercise dissenters' rights, Pixar shareholders must deliver a written demand to Pixar no later than the date of the Special Meeting and must vote AGAINST the merger proposal. A copy of the applicable California statutory provisions is included as Annex D of the attached proxy statement/prospectus, and a summary of these provisions can be found under Dissenters' Rights in the attached proxy statement/prospectus.

All Pixar shareholders are cordially invited to attend the Special Meeting in person. However, to assure your representation at the Special Meeting, please vote as soon as possible using one of the following methods: (1) by telephone by calling the toll-free number as instructed on the enclosed proxy card, (2) by using the Internet as instructed on the enclosed proxy card or (3) by mail by completing, signing, dating and returning the enclosed proxy card as promptly as possible in the postage-prepaid envelope enclosed for that purpose. Any shareholder attending the Special Meeting may vote in person even if he or she has voted using the Internet, telephone or proxy card.

Edgar Filing: WALT DISNEY CO/ - Form S-4

The board of directors of Pixar unanimously recommends that you vote FOR the approval of the merger proposal.

By Order of the Board of Directors

Simon T. Bax
*Executive Vice President, Chief Financial Officer and
Secretary*

Emeryville, California

, 2006

IMPORTANT: WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, PLEASE VOTE BY (1) TELEPHONE, (2) USING THE INTERNET OR (3) COMPLETING AND PROMPTLY RETURNING THE ENCLOSED PROXY CARD IN THE ENVELOPE PROVIDED.

Table of Contents**TABLE OF CONTENTS**

	Page
<u>QUESTIONS AND ANSWERS ABOUT THE MERGER</u>	1
<u>SUMMARY</u>	5
<u>The Companies</u>	5
<u>Recent Developments</u>	6
<u>The Merger</u>	6
<u>Risk Factors</u>	7
<u>Pixar Shareholders Entitled to Vote: Vote Required</u>	7
<u>Recommendation of the Pixar Board of Directors</u>	8
<u>Opinion of Pixar's Financial Advisor</u>	8
<u>Ownership of Disney Following the Merger</u>	8
<u>Share Ownership of Pixar Directors and Executive Officers</u>	8
<u>Interests of Directors and Executive Officers of Pixar in the Merger</u>	8
<u>Listing of Disney Common Stock and Delisting and Deregistration of Pixar Common Stock</u>	9
<u>Dissenters' Rights</u>	9
<u>Conditions to Completion of the Merger</u>	10
<u>Regulatory Matters</u>	10
<u>Pixar Is Prohibited From Soliciting Other Offers</u>	11
<u>Termination of the Merger Agreement and Termination Fees</u>	11
<u>Material United States Federal Income Tax Consequences of the Merger</u>	12
<u>Accounting Treatment</u>	12
<u>Comparison of Rights of Disney Stockholders and Pixar Shareholders</u>	12
<u>SELECTED SUMMARY HISTORICAL FINANCIAL DATA OF DISNEY</u>	13
<u>SELECTED SUMMARY HISTORICAL FINANCIAL DATA OF PIXAR</u>	15
<u>COMPARATIVE HISTORICAL AND PRO FORMA PER SHARE DATA</u>	16
<u>COMPARATIVE PER SHARE MARKET PRICE DATA</u>	18
<u>RISK FACTORS</u>	19
<u>Risk Factors Relating to the Merger</u>	19
<u>Risk Factors Relating to Disney</u>	21
<u>Risk Factors Relating to Pixar</u>	25
<u>CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS</u>	41
<u>THE PIXAR SPECIAL MEETING</u>	43
<u>THE MERGER</u>	46
<u>Background of the Merger</u>	46
<u>Recommendation of the Pixar Board of Directors and Its Reasons for the Merger</u>	50
<u>Opinion of Pixar's Financial Advisor</u>	52
<u>Disney's Reasons for the Merger</u>	57
<u>Interests of Executive Officers and Directors of Pixar in the Merger</u>	58
<u>Material United States Federal Income Tax Consequences of the Merger</u>	61
<u>Regulatory Matters</u>	62
<u>Accounting Treatment</u>	63
<u>Listing of Disney Common Stock</u>	63
<u>Delisting and Deregistration of Pixar Common Stock after the Merger</u>	63
<u>Dissenters' Rights</u>	63
<u>Restrictions on Sales of Shares of Disney Common Stock Received in the Merger</u>	66

Table of Contents

	<u>Page</u>
<u>THE MERGER AGREEMENT</u>	68
<u>The Merger</u>	68
<u>Completion and Effectiveness of the Merger</u>	68
<u>Conversion of Securities</u>	68
<u>Treatment of Pixar Stock Options and Assumption of Pixar Stock Option Plan</u>	69
<u>Fractional Shares</u>	69
<u>Exchange Procedures</u>	69
<u>Distributions with Respect to Unexchanged Shares</u>	70
<u>Lost, Stolen and Destroyed Certificates</u>	70
<u>Dissenting Shares</u>	70
<u>Representations and Warranties</u>	71
<u>Pixar's Conduct of Business Before Completion of the Merger</u>	72
<u>Disney's Conduct of Business Before Completion of the Merger</u>	74
<u>Pixar Is Prohibited From Soliciting Other Offers</u>	74
<u>Obligation of Pixar Board of Directors with Respect to Its Recommendation and Holding of a Shareholder Meeting</u>	75
<u>Regulatory Matters</u>	76
<u>Reasonable Best Efforts to Complete the Merger</u>	76
<u>Access to Information</u>	77
<u>Director and Officer Indemnification and Insurance</u>	77
<u>Employee Benefits: 401(k) Plan</u>	78
<u>Directorship</u>	78
<u>Feature Animation Management and Operations</u>	78
<u>Grant of Performance Unit Awards</u>	78
<u>Conditions to Obligations to Complete the Merger</u>	79
<u>Definition of Material Adverse Effect</u>	80
<u>Termination: Termination Fees</u>	81
<u>Miscellaneous</u>	83
<u>THE VOTING AGREEMENT</u>	84
<u>Agreement to Vote and Irrevocable Proxy</u>	84
<u>Transfer Restrictions</u>	84
<u>Termination</u>	84
<u>MATERIAL CONTRACTS BETWEEN DISNEY AND PIXAR PRIOR TO THE MERGER</u>	85
<u>Co-Production Agreement</u>	85
<u>Distribution Letter Agreement</u>	89
<u>COMPARISON OF SHAREHOLDER RIGHTS AND CORPORATE GOVERNANCE MATTERS</u>	90
<u>General</u>	90
<u>Certain Differences Between the Rights of Stockholders of Disney and Shareholders of Pixar</u>	90
<u>FUTURE PIXAR SHAREHOLDER PROPOSALS</u>	100
<u>LEGAL MATTERS</u>	100
<u>EXPERTS</u>	100
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	101

Annexes

Annex A	<u>Agreement and Plan of Merger</u>
Annex B	<u>Voting Agreement between Disney and Steven P. Jobs</u>
Annex C	<u>Opinion of Credit Suisse Securities (USA) LLC</u>
Annex D	<u>Chapter 13 of the California General Corporation Law</u>

Table of Contents

ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about Disney and Pixar from documents that each company has filed with the Securities and Exchange Commission but that have not been included in or delivered with this proxy statement/prospectus. For a listing of documents incorporated by reference into this proxy statement/prospectus, please see **Where You Can Find More Information beginning on page 101 of this proxy statement/prospectus.**

Disney will provide you with copies of this information relating to Disney (excluding all exhibits unless Disney has specifically incorporated by reference an exhibit in this proxy statement/prospectus), without charge, upon written or oral request to:

**The Walt Disney Company
500 South Buena Vista Street, MC 9722
Burbank, California 91521
Shareholder Services Department
(818) 553-7200**

Pixar will provide you with copies of this information relating to Pixar (excluding all exhibits unless Pixar has specifically incorporated by reference an exhibit in this proxy statement/prospectus), without charge, upon written or oral request to:

**Pixar
1200 Park Avenue
Emeryville, California 94608
Attn: Investor Relations
(510) 752-3000**

In order to receive timely delivery of the documents, you must make your requests no later than _____, 2006.

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE MERGER

The following are some questions that you, as a shareholder of Pixar, may have regarding the merger and the other matters being considered at the Special Meeting of Pixar shareholders and brief answers to those questions. Pixar urges you to read carefully the remainder of this proxy statement/prospectus because the information in this section may not provide all the information that might be important to you with respect to the merger and the other matters being considered at the Special Meeting. Additional important information is also contained in the annexes to, and the documents incorporated by reference in, this proxy statement/prospectus.

Q: Why am I receiving this proxy statement/prospectus?

A: Disney agreed to acquire Pixar under the terms of a merger agreement that is described in this proxy statement/prospectus. Please see The Merger Agreement beginning on page 68 of this proxy statement/prospectus. A copy of the merger agreement is attached to this proxy statement/prospectus as Annex A.

In order to complete the merger, Pixar shareholders must approve the principal terms of the merger agreement and approve the merger, and all other conditions to the merger must be satisfied or waived. Pixar will hold a Special Meeting of its shareholders to obtain this approval.

This proxy statement/prospectus contains important information about the merger, the merger agreement and the Special Meeting of the shareholders of Pixar, and you should read this proxy statement/prospectus carefully.

Your vote is very important. We encourage you to vote as soon as possible. The enclosed voting materials allow you to vote your Pixar shares without attending the Special Meeting. For more specific information on how to vote, please see the questions and answers for Pixar shareholders below.

Q: Why are Disney and Pixar proposing the merger?

A: We believe that combining the strengths of our two companies is in the best interests of each company and our respective shareholders. This acquisition combines Pixar's creative and technological resources with Disney's portfolio of world-class family entertainment, characters, theme parks and other franchises, which we expect will result in new creative output and technological innovation that can fuel future growth across the businesses. By combining Pixar with Disney, Pixar's shareholders will participate in the benefits expected to be derived from the merger, such as a greater ability for Pixar to develop fully the creative assets previously developed by Pixar, the opportunity to leverage Disney's numerous distribution channels and the benefits of combining the Disney and Pixar brands to more fully exploit their combined market potential. The merger will also enable the companies to combine the animation studios of Pixar and Disney. To review the reasons for the merger in greater detail, see The Merger Recommendation of the Pixar Board of Directors and Its Reasons for the Merger beginning on page 50 and The Merger Disney's Reasons for the Merger beginning on page 57 of this proxy statement/prospectus.

Q: How does the Pixar board of directors recommend that Pixar shareholders vote?

A: The Pixar board of directors unanimously recommends that Pixar shareholders vote FOR the proposal to approve the principal terms of the merger agreement and to approve the merger. The Pixar board of directors has determined that the principal terms of the merger agreement and the merger are advisable, fair to and in the best interests of Pixar and its shareholders. Accordingly, the Pixar board of directors has approved the merger agreement and the merger contemplated by the merger agreement. For a more complete description of the recommendation of the Pixar board of directors, see The Pixar Special Meeting Pixar Board of Directors Recommendation beginning on page 43 of this proxy statement/prospectus and The Merger Recommendation of the Pixar Board of Directors and Its Reasons for the

Edgar Filing: WALT DISNEY CO/ - Form S-4

Merger beginning on page 50 of this proxy statement/prospectus.

Table of Contents

Q: What will happen in the merger?

A: Pursuant to the terms of the merger agreement, Lux Acquisition Corp., a wholly-owned subsidiary of Disney, will merge with and into Pixar, and Pixar will survive and continue as a wholly-owned subsidiary of Disney.

Q: What consideration will Pixar shareholders receive in the merger?

A: Pixar shareholders will receive 2.3 shares of Disney common stock for each share of Pixar common stock they own. Each Pixar shareholder will receive cash for any fractional share of Disney common stock that such shareholder would be entitled to receive in the merger after aggregating all fractional shares to be received by such shareholder.

Q: When do Disney and Pixar expect the merger to be completed?

A: Disney and Pixar are working to complete the merger as quickly as practicable and currently expect that the merger could be completed in the summer of 2006. However, we cannot predict the exact timing of the completion of the merger because it is subject to regulatory approvals and other conditions.

Q: What are the United States federal income tax consequences of the merger?

A: We expect the merger to qualify as a reorganization within the meaning of Section 368(a)(2)(E) of the Internal Revenue Code. If the merger qualifies as a reorganization, Pixar shareholders generally will not recognize any gain or loss upon the receipt of Disney common stock in exchange for Pixar common stock in connection with the merger, except for cash received in lieu of a fractional share of Disney common stock.

Pixar shareholders are urged to read the discussion in the section entitled "The Merger Material United States Federal Income Tax Consequences of the Merger" beginning on page 61 and to consult their tax advisors as to the United States federal income tax consequences of the merger, as well as the effects of state, local and non-United States tax laws.

Q: What vote of Pixar shareholders is required to approve the principal terms of the merger agreement and to approve the merger contemplated by the merger agreement?

A: Approval of the principal terms of the merger agreement and approval of the merger require the affirmative vote of the holders of a majority of the outstanding shares of Pixar common stock entitled to vote at the Special Meeting.

Q: Are there any risks related to the merger or any risks relating to owning Disney common stock?

A: Yes. You should carefully review the section entitled "Risk Factors" beginning on page 19 of this proxy statement/prospectus.

Q: Is there any shareholder already committed to vote in favor of the merger?

A: Yes. Pursuant to a voting agreement, Steven P. Jobs agreed to vote shares of Pixar common stock held by him on the Record Date of the Special Meeting representing 40% of the outstanding shares of Pixar in favor of the merger. For a more complete

Edgar Filing: WALT DISNEY CO/ - Form S-4

description of the voting agreement, see The Voting Agreement beginning on page 84 of this proxy statement/prospectus. The voting agreement is also attached to this proxy statement/prospectus as Annex B.

Q: Am I entitled to dissenters rights?

A: If you are a Pixar shareholder, under California law, you may have the right to dissent from the merger and obtain payment in cash for the fair market value of your shares of common stock rather than shares of

Table of Contents

Disney common stock. To exercise dissenters' rights, holders of at least 5% of the outstanding shares of Pixar must have filed for demand payments under Chapter 13 of the California General Corporation Law. If you wish to exercise dissenters' rights or preserve your right to do so, you must precisely comply with all of the procedures set forth in Chapter 13 of the California General Corporation Law, including voting AGAINST the approval of the principal terms of the merger agreement and approval of the merger and delivering a written demand to Pixar for purchase of your shares before the date of the Special Meeting. Chapter 13 of the California General Corporation Law is attached to this proxy statement/prospectus as Annex D.

Holders of Disney common stock are not entitled to dissenters' rights in connection with the issuance of Disney common stock in the merger.

Q: What will happen to Pixar's outstanding options in the merger?

A: Pixar's outstanding options will be assumed by Disney in the merger. Each option so assumed will thereafter represent an option to purchase a number of shares of Disney common stock equal to the number of shares of Pixar common stock subject to the option immediately prior to the merger (whether or not vested) multiplied by the exchange ratio, which is 2.3. The assumed options will have the same vesting and expiration provisions as the original Pixar options, except for options held by an executive officer and non-employee directors, the vesting of which will accelerate. The exercise price per share for each assumed Pixar option will be equal to the exercise price per share of the original Pixar option divided by 2.3, rounded up to the nearest one-hundredth of a cent.

Q: When and where will the Special Meeting of Pixar's shareholders be held?

A: The Special Meeting will take place at _____, on _____, at _____ local time.

Q: Who can attend and vote at the Special Meeting?

A: All Pixar shareholders of record as of the close of business on the Record Date are entitled to receive notice of and to vote at the Special Meeting.

Q: What should I do now in order to vote on the proposals being considered at the Special Meeting?

A: Pixar shareholders as of the Record Date may vote by proxy by completing, signing, dating and returning the enclosed proxy card in the accompanying pre-addressed postage paid envelope or by submitting a proxy over the Internet or by telephone by following the instructions on the enclosed proxy card. If you hold Pixar common stock in street name, which means your shares are held of record by a broker, bank or nominee, you must complete, sign, date and return the enclosed voting instruction form to the record holder of your shares with instructions on how to vote your shares. Please refer to the voting instruction form used by your broker, bank or nominee to see if you may submit voting instructions using the Internet or telephone.

Additionally, you may also vote in person by attending the Special Meeting. If you plan to attend the Special Meeting and wish to vote in person, you will be given a ballot at the Special Meeting. Please note, however, that if your shares are held in street name, and you wish to vote at the Special Meeting, you must bring a proxy from the record holder of the shares authorizing you to vote at the Special Meeting. Whether or not you plan to attend the Special Meeting, you should submit your proxy card or voting instruction form as described in this proxy statement/prospectus.

Q: Do I need to send in my Pixar stock certificates now?

Edgar Filing: WALT DISNEY CO/ - Form S-4

A: No. You should not send in your Pixar stock certificates now. Following the merger, a letter of transmittal will be sent to Pixar shareholders informing them where to deliver their Pixar stock certificates in order to

Table of Contents

receive shares of Disney common stock and any cash in lieu of a fractional share of Disney common stock. You should not send in your Pixar common stock certificates prior to receiving this letter of transmittal.

Q: What will happen if I abstain from voting or fail to vote?

A: Your abstention or failure to vote or to instruct your broker to vote if your shares are held in street name will have the same effect as a vote against the proposal to approve the principal terms of the merger agreement and to approve the merger.

Q: Can I change my vote after I have delivered my proxy?

A: Yes. If you are a holder of record, you can change your vote at any time before your proxy is voted at the Special Meeting by:

delivering a signed written notice of revocation to the Secretary of Pixar;

signing and delivering a new, valid proxy bearing a later date;

submitting another proxy by telephone or on the Internet (your latest telephone or Internet voting instructions will be followed); or

attending the Special Meeting and voting in person, although your attendance alone will not revoke your proxy.

If your shares are held in a street name you must contact your broker, bank or other nominee to change your vote.

Q: What should I do if I receive more than one set of voting materials for the Special Meeting?

A: You may receive more than one set of voting materials for the Special Meeting, including multiple copies of this proxy statement/prospectus and multiple proxy cards or voting instruction forms. For example, if you hold your shares in more than one brokerage account, you will receive a separate voting instruction form for each brokerage account in which you hold shares. If you are a holder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction form that you receive.

Q: Who can help answer my questions?

A: If you have any questions about the merger or how to submit your proxy, or if you need additional copies of this proxy statement/prospectus or the enclosed proxy card or voting instructions, you should contact:

Innisfree M&A Incorporated

501 Madison Avenue, 20th Floor

New York, New York 10022

Edgar Filing: WALT DISNEY CO/ - Form S-4

Toll Free from within the United States and Canada: 877-456-3463

Banks and Brokers call collect: 212-750-5833

Table of Contents

SUMMARY

The following is a summary that highlights information contained in this proxy statement/prospectus. This summary may not contain all of the information that may be important to you. For a more complete description of the merger agreement and the merger contemplated by the merger agreement, we encourage you to read carefully this entire proxy statement/prospectus, including the attached annexes. In addition, we encourage you to read the information incorporated by reference into this proxy statement/prospectus, which includes important business and financial information about Disney and Pixar that has been filed with the Securities and Exchange Commission, referred to as the SEC. You may obtain the information incorporated by reference into this proxy statement/prospectus without charge by following the instructions in the section entitled "Where You Can Find More Information" beginning on page 101 of this proxy statement/prospectus.

The Companies

The Walt Disney Company

500 South Buena Vista Street

Burbank, California 91521

(818) 560-1000

The Walt Disney Company, together with its subsidiaries, is a diversified worldwide entertainment company with operations in four business segments: Media Networks, Parks and Resorts, Studio Entertainment and Consumer Products.

The Media Networks segment is comprised of domestic broadcast television network, domestic television stations, cable/satellite networks and international broadcast operations, television production and distribution, domestic broadcast radio networks and stations and internet operations. As noted below, Disney recently entered into an agreement to combine its ABC radio business with Citadel Broadcast Corporation.

Disney owns and operates the Walt Disney World Resort and Disney Cruise Line in Florida, the Disneyland Resort in California and ESPN Zone facilities in several states. Disney manages and has effective ownership interests of 51% and 43%, respectively, in the Disneyland Resort Paris in France and Hong Kong Disneyland, which opened in September 2005. Disney also licenses the operations of the Tokyo Disney Resort in Japan. Disney's Walt Disney Imagineering unit designs and develops new theme park concepts and attractions as well as resort properties.

The Studio Entertainment segment produces and acquires live-action and animated motion pictures, animated direct-to-video programming, musical recordings and live stage plays. Disney distributes produced and acquired films (including its film and television library and films produced by Pixar) to the theatrical, home entertainment, pay-per-view, video-on-demand, pay television and free-to-air television markets.

The Consumer Products segment partners with licensees, manufacturers, publishers and retailers throughout the world to design, promote and sell a wide variety of products based on existing and new Disney characters and other intellectual property. Disney also engages in retail, direct mail and online distribution of products based on its characters and films through The Disney Store, the Disney Catalog and DisneyDirect.com,

Edgar Filing: WALT DISNEY CO/ - Form S-4

respectively. Disney sold its North American Disney Store operations in November 2004, but continues to own and operate The Disney Store business outside of North America.

Table of Contents

Recent Developments

Unrelated to the merger of Disney and Pixar, on February 6, 2006, Disney and Citadel Broadcasting Corporation (Citadel) announced that their boards of directors approved a definitive agreement to combine ABC Radio assets, which include 22 radio stations and the ABC Radio Network, with Citadel. Disney stockholders would own approximately 52% of the new company and Disney would retain between \$1.4 billion and \$1.65 billion in cash depending on the market conditions at the date of closing. ESPN Radio and Radio Disney networks and stations are not included in the transaction. The transaction is valued at approximately \$2.7 billion and is expected to be completed by the end of 2006, subject to regulatory approvals. However, there can be no assurance that the transaction will be completed or completed when expected or on the terms described here. The Citadel transaction and the merger of Disney and Pixar are separate and independent transactions and the occurrence or nonoccurrence of either transaction is not dependent on the occurrence or nonoccurrence of the other transaction.

Pixar

1200 Park Avenue

Emeryville, California 94608

(510) 752-3000

Pixar is a leading digital animation studio with the creative, technical and production capabilities to create animated feature films and related products. Pixar's objective is to create, develop and produce computer-animated feature films with heartwarming stories and memorable characters that appeal to audiences of all ages. Through the creation of entertaining, enduring and successful films, Pixar seeks to maintain its position as a leading brand in animated feature films. To date, Pixar has created and produced six full-length computer-animated feature films, which were marketed and distributed by Disney. Pixar has won 20 Academy Awards® for its films and technical achievements, and Pixar's six films have grossed an aggregate of more than \$3.2 billion at the worldwide box office to date. Pixar's next film, *Cars*, is scheduled for release on June 9, 2006. Pixar was incorporated in the state of California on December 9, 1985.

Recent Developments

On January 27, 2006, an action, titled *Jonathan Levene v. Pixar et al.*, was filed in the Superior Court of the State of California for the County of Alameda, naming Pixar and all members of the Pixar board of directors as defendants. The complaint generally alleged that Pixar's directors breached their fiduciary duties in approving the proposed merger between Pixar and Disney because they failed to maximize value for Pixar's shareholders. The complaint sought class certification and certain forms of equitable relief, including enjoining the consummation of the proposed merger. The complaint did not seek compensatory damages. On January 30, 2006, the defendants removed the action to the United States District Court for the Northern District of California. On February 1, 2006, the plaintiff dismissed the action voluntarily.

The Merger

(see page 46)

Disney and Pixar agreed to the acquisition of Pixar by Disney under the terms of the merger agreement that is described in this proxy statement/prospectus. Pursuant to the merger agreement, Lux Acquisition Corp., a wholly-owned subsidiary of Disney, will merge with and into Pixar, with Pixar surviving the merger and continuing as a wholly-owned subsidiary of Disney. We have attached the merger agreement as Annex A to this proxy statement/prospectus. We encourage you to read carefully the merger agreement in its entirety because it is the legal document that governs the merger.

Table of Contents

Merger Consideration and the Treatment of Pixar Stock Options

Pixar shareholders will receive 2.3 shares of Disney common stock for each share of Pixar common stock they own. As a result, Disney expects to issue approximately 274.4 million shares of Disney common stock in the merger based on the number of shares of Pixar common stock outstanding on January 1, 2006. We refer to the stock to be issued to Pixar shareholders by Disney as the merger consideration. Each outstanding option to purchase Pixar common stock will be converted at the effective time of the merger into an option to acquire Disney common stock. Each option so assumed will thereafter represent an option to purchase a number of shares of Disney common stock equal to the number of shares of Pixar common stock subject to the option immediately prior to the merger (whether or not vested) multiplied by the exchange ratio, which is 2.3. The exercise price per share for each assumed Pixar option will be equal to the exercise price per share of the original Pixar option divided by 2.3.

For a full description of the merger consideration, see *The Merger Agreement Conversion of Securities* beginning on page 68. For a full description of the treatment of Pixar stock options, see *The Merger Agreement Treatment of Pixar Stock Options and Assumption of Pixar Stock Option Plan* beginning on page 69.

Fractional Shares

Disney will not issue fractional shares of Disney common stock in the merger. As a result, Pixar shareholders will receive cash for any fractional share of Disney common stock that they would otherwise be entitled to receive in the merger.

For a full description of the treatment of fractional shares, see *The Merger Agreement Fractional Shares* beginning on page 69.

Risk Factors

(see page 19)

In evaluating the merger agreement and the merger, you should carefully read this proxy statement/prospectus and especially consider the factors discussed in the section entitled *Risk Factors* beginning on page 19.

Pixar Shareholders Entitled to Vote; Vote Required

(see page 43)

Edgar Filing: WALT DISNEY CO/ - Form S-4

The Special Meeting of Pixar shareholders will be held on _____, 2006 at _____, local time, at _____. At the Special Meeting, Pixar shareholders will be asked to approve the principal terms of the merger agreement and to approve the merger.

Only holders of record of Pixar's common stock at the close of business on the Record Date are entitled to notice of and to vote at the Special Meeting. As of the Record Date, there were _____ shares of Pixar's common stock outstanding and entitled to vote at the Special Meeting.

Approval of the principal terms of the merger agreement and approval of the merger requires the affirmative vote of the holders of a majority of the outstanding shares of Pixar common stock entitled to vote on the Record Date.

Table of Contents

Recommendation of the Pixar Board of Directors

(see page 50)

Pixar's board of directors has unanimously determined that the merger is advisable, fair to and in the best interests of Pixar and its shareholders and recommends that you vote FOR approval of the principal terms of the merger agreement and approval of the merger.

Opinion of Pixar's Financial Advisor

(see page 52)

Pixar's financial advisor, Credit Suisse Securities (USA) LLC, delivered an opinion to the board of directors of Pixar to the effect that, as of January 24, 2006 and based upon and subject to the various considerations described in its written opinion, the exchange ratio was fair, from a financial point of view, to the holders of Pixar common stock, other than affiliates of Pixar.

The full text of the written opinion of Credit Suisse, which sets forth the assumptions made, procedures followed, matters considered, and qualifications and limitations on the review undertaken by Credit Suisse in rendering its opinion, is attached as Annex C to this proxy statement/prospectus. Holders of Pixar common stock are urged to, and should, read the opinion carefully and in its entirety. Credit Suisse provided its opinion for the information and assistance of the board of directors of Pixar in connection with its consideration of the merger. The Credit Suisse opinion addresses only the fairness, from a financial point of view, of the exchange ratio to the holders of Pixar common stock, other than affiliates of Pixar, as of the date of the Credit Suisse opinion. The Credit Suisse opinion does not address any other aspect of the proposed merger and does not constitute a recommendation as to how any holder of common stock should vote or act with respect to the merger or any other matter.

Ownership of Disney Following the Merger

Based on the number of shares of Pixar common stock outstanding as of January 1, 2006, Disney expects to issue approximately 274.4 million shares of Disney common stock in the merger. Based on the number of shares of Pixar common stock and the number of shares of Disney common stock outstanding on the Record Date, after completion of the merger, former Pixar shareholders will own approximately % of the then-outstanding shares of Disney common stock.

Share Ownership of Pixar Directors and Executive Officers

As of the Record Date, the directors and executive officers of Pixar beneficially owned and were entitled to vote shares of Pixar common stock, which represent approximately % of Pixar common stock outstanding on that date. Concurrently with the execution and

Edgar Filing: WALT DISNEY CO/ - Form S-4

delivery of the merger agreement, on January 24, 2006, Disney entered into a voting agreement with Steven P. Jobs, the Chairman and Chief Executive Officer of Pixar. Approximately shares, or 40%, of Pixar common stock outstanding on the Record Date are subject to the voting agreement. For more information regarding the voting agreement, see The Voting Agreement beginning on page 84 of this proxy statement/prospectus. The voting agreement is also attached to this proxy statement/prospectus as Annex B.

Interests of Directors and Executive Officers of Pixar in the Merger

(see page 58)

In considering the recommendation of the Pixar board of directors with respect to the merger agreement and the merger, Pixar shareholders should be aware that certain executive officers and directors of Pixar have

Table of Contents

interests in the merger that may be different from, or in addition to, the interests of Pixar shareholders generally. These interests include:

the appointment of Pixar Chairman and Chief Executive Officer Steven P. Jobs to the board of Disney following the merger;

the potential grant of performance unit awards to certain executive officers;

the positions at Disney that certain Pixar executive officers are expected to hold upon completion of the merger;

the acceleration of options and other potential benefits under Pixar Executive Vice President, Creative John A. Lasseter's employment contract as a result of the merger;

the acceleration of options granted to non-employee directors as a result of the merger; and

the continued indemnification and directors' and officers' insurance coverage of current Pixar directors and officers following the merger.

The Pixar board of directors was aware of these interests and considered them, among other matters, in making its recommendation.

Listing of Disney Common Stock and Delisting and Deregistration of Pixar Common Stock

(see page 63)

Application will be made to have the shares of Disney common stock issued in the merger approved for listing on the New York Stock Exchange. If the merger is completed, Pixar common stock will no longer be listed on the Nasdaq National Market and will be deregistered under the Securities Exchange Act of 1934, as amended, which is referred to as the Exchange Act, and Pixar will no longer file periodic reports with the SEC.

Dissenters' Rights

(see page 63)

In the event that the holders of at least 5% of the outstanding shares of Pixar have filed for demand payments under Chapter 13 of the California General Corporation Law, Pixar shareholders will have the right to have Pixar purchase their shares at the fair market value determined under Chapter 13 of the California General Corporation Law. The shares subject to such purchase are called dissenting shares. In general, to preserve their dissenters' rights, Pixar shareholders who wish to exercise these rights must:

Edgar Filing: WALT DISNEY CO/ - Form S-4

vote their shares of Pixar common stock **AGAINST** approval of the principal terms of the merger agreement and approval of the merger;

deliver a written demand to Pixar for purchase of their shares, which must be received by Pixar no later than the date of the Special Meeting;

submit the dissenting shares for endorsement in accordance with Section 1302 of the California General Corporation Law; and

comply with the other provisions of Chapter 13 of the California General Corporation Law, including continuously holding their shares of Pixar common stock from the date they make the demand through the completion of the merger.

The text of the California General Corporation Law governing dissenters' rights is attached to this proxy statement/prospectus as Annex D. Your failure to comply with the procedures described in Annex D will result in the loss of your dissenters' rights.

Table of Contents

Conditions to Completion of the Merger

(see page 79)

A number of conditions must be satisfied before the merger will be completed. These include, among others:

the receipt of the approval of the principal terms of the merger agreement and approval of the merger by Pixar shareholders;

the termination or expiration of all necessary waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1979, referred to as the HSR Act, and all other material antitrust laws, and the obtainment of all clearances and approvals that are strictly necessary for the completion of the merger, in each case, except as would not reasonably be expected to have a material adverse effect on the business and operations of the feature animation business of Disney and Pixar, taken as a whole, and the benefits that are expected to derive from the merger;

the absence of any legal restraints or prohibitions preventing the completion of the merger;

the authorization for listing on the New York Stock Exchange of the shares of Disney common stock to be issued in the merger;

the effectiveness of a registration statement on Form S-4 and no pending stop order relating thereto;

the delivery of tax opinions of legal counsel to the effect that the merger will qualify as a tax-free reorganization within the meaning of Section 368(a)(2)(E) of the Internal Revenue Code of 1986, as amended, which is referred to as the Internal Revenue Code;

the representations and warranties of each party contained in the merger agreement being true and correct, except to the extent that breaches of such representations and warranties would not result in a material adverse effect on the representing party;

the performance or compliance in all material respects of each party with all agreements and covenants contained in the merger agreement at the closing; and

the absence of certain material adverse effects with respect to either party.

Each of Disney, Lux Acquisition Corp. and Pixar may waive the conditions to the performance of its respective obligations under the merger agreement and complete the merger even though one or more of these conditions have not been met. Neither Disney nor Pixar can give any assurance that all of the conditions to the merger will be either satisfied or waived or that the merger will occur.

Regulatory Matters

(see page 62)

The merger is subject to antitrust laws. Disney, Pixar and Steven P. Jobs have made all required filings under applicable U.S. antitrust laws with the Antitrust Division of the United States Department of Justice, referred to as the Antitrust Division, and the United States Federal Trade Commission, referred to as the FTC. The applicable waiting periods associated with those filings have not yet expired. Disney and Pixar are also required to make applicable foreign antitrust filings. The applicable foreign antitrust filings have not yet been made and applicable foreign antitrust clearances, consents or approvals necessary for the completion of the merger have not yet been obtained. Under the terms of the merger agreement, neither Disney nor Pixar would be required to enter into any consent arrangement that would be reasonably expected to have a material adverse effect on the feature animation business of Disney together with Pixar, taken as a whole, or the benefits that are expected to derive from the merger and other transactions contemplated by the merger agreement.

Table of Contents

Pixar Is Prohibited From Soliciting Other Offers

(see page 74)

The merger agreement contains detailed provisions that prohibit Pixar and its subsidiaries, officers, directors and representatives from taking any action to solicit or engage in discussions or negotiations with any person or group with respect to an acquisition proposal as defined in the merger agreement, including an acquisition that would result in the person or group acquiring more than a 20% interest in Pixar's total outstanding securities, a sale of more than 20% of Pixar's assets or a merger or other business combination. The merger agreement does not, however, prohibit Pixar's board of directors from considering and recommending to Pixar's shareholders an unsolicited acquisition proposal from a third party if specified conditions are met.

Termination of the Merger Agreement and Termination Fees

(see page 81)

Under circumstances specified in the merger agreement, either Disney or Pixar may terminate the merger agreement. Subject to the limitations set forth in the merger agreement, the circumstances generally include if:

Disney and Pixar mutually agree;

the merger is not completed by September 30, 2006;

any law has been enacted, entered, enforced or deemed applicable to the merger by a governmental entity that makes the consummation of the merger illegal in the United States or any foreign jurisdiction in which Disney or Pixar has substantial business and operations;

a non-appealable final order is issued or granted by a governmental entity in the United States or foreign jurisdiction in which Disney or Pixar has substantial business and operations that makes the merger illegal in the United States or any such foreign jurisdiction;

the required approval of the shareholders of Pixar has not been obtained at its Special Meeting; or

the other party commits a material breach of any representation, warranty, covenant or agreement that is not reasonably capable of being cured prior to September 30, 2006.

Under circumstances specified in the merger agreement, Disney may terminate the merger agreement if:

Edgar Filing: WALT DISNEY CO/ - Form S-4

Pixar's board of directors withdraws (or modifies in a manner adverse to Disney in any material respect), or publicly proposes to withdraw (or modify in a manner adverse to Disney in any material respect), the adoption or recommendation by Pixar's board of directors or any such committee thereof of the merger agreement or the merger or adopts or recommends, or proposes publicly to adopt or recommend, any acquisition proposal; or

Pixar's board of directors fails to reaffirm publicly its recommendation of the merger agreement and the merger within 10 business days following the commencement of a third-party tender or exchange offer for Pixar's capital stock.

Under circumstances specified in the merger agreement, Disney or Pixar may also terminate the merger agreement if there has occurred a material adverse effect on the part of Pixar or Disney, as the case may be, due to the occurrence of certain events specified in the merger agreement.

Under circumstances specified in the merger agreement, Pixar may terminate the merger agreement in response to a superior proposal in compliance with the no solicitation provision discussed above, provided Disney has received the termination fee described below.

Table of Contents

Pixar has agreed to pay Disney \$210 million as a termination fee if:

the merger agreement is terminated by Disney because Pixar's board of directors withdraws (or modifies in a manner adverse to Disney in any material respect), or publicly proposes to withdraw (or modify in a manner adverse to Disney in any material respect), the adoption or recommendation by Pixar's board of directors or any such committee thereof of the merger agreement or the merger or adopts or recommends, or proposes publicly to adopt or recommend, any acquisition proposal;

the merger agreement is terminated by Disney because Pixar's board of directors fails to reaffirm publicly its recommendation of the merger agreement and the merger within 10 business days following the commencement of a third-party tender or exchange offer for Pixar's capital stock;

the merger agreement is terminated by Pixar in response to a superior proposal in compliance with the no solicitation provision discussed above; or

all of the following three events have occurred: (i) prior to the Special Meeting, a qualified acquisition proposal has been made directly to Pixar's shareholders or has become publicly known, or any person has publicly announced an intention to make a qualified acquisition proposal; (ii) thereafter the merger agreement is terminated by either Disney or Pixar because Pixar shareholder approval has not been obtained at a duly convened meeting; and (iii) within 12 months after such termination, Pixar enters into a definitive contract to consummate, or consummates, the transactions contemplated by such qualified acquisition proposal.

Material United States Federal Income Tax Consequences of the Merger

(see page 61)

Disney and Pixar expect that the merger will qualify as a reorganization within the meaning of Section 368(a)(2)(E) of the Internal Revenue Code, and it is a condition to closing that each of Disney and Pixar receive opinions from legal counsel to the effect that the merger will so qualify. If the merger qualifies as a reorganization, Pixar shareholders generally will not recognize any gain or loss upon the receipt of Disney common stock in exchange for Pixar common stock in connection with the merger, except for cash received in lieu of a fractional share of Disney common stock.

Pixar shareholders are urged to read the discussion in the section entitled "The Merger Material United States Federal Income Tax Consequences of the Merger" beginning on page 61 and to consult their tax advisors as to the United States federal income tax consequences of the merger, as well as the effect of state, local and non-United States tax laws.

Accounting Treatment

(see page 63)

Edgar Filing: WALT DISNEY CO/ - Form S-4

In accordance with accounting principles generally accepted in the United States of America, Disney will account for the merger using the purchase method of accounting for business combinations.

Comparison of Rights of Disney Stockholders and Pixar Shareholders

(see page 90)

Pixar shareholders, whose rights are currently governed by the Pixar amended and restated articles of incorporation, the Pixar amended and restated bylaws and California law, will, upon completion of the merger, become stockholders of Disney and their rights will be governed by the Disney restated certificate of incorporation, the Disney amended and restated bylaws and Delaware law.

Table of Contents**SELECTED SUMMARY HISTORICAL FINANCIAL DATA OF DISNEY**

The following selected financial data of Disney as of and for each of the five fiscal years in the period ended October 1, 2005 has been derived from Disney's audited historical financial statements. The financial statements for those periods were audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm. The data is only a summary and should be read in conjunction with Disney's financial statements and accompanying notes, as well as management's discussion and analysis of financial condition and results of operations, all of which can be found in publicly available documents, including those incorporated by reference into this proxy statement/prospectus. For a complete list of the documents incorporated by reference into this proxy statement/prospectus, please see "Where You Can Find More Information" beginning on page 101 of this proxy statement/prospectus.

	2005 ⁽¹⁾	2004 ⁽²⁾	2003 ⁽³⁾	2002 ⁽⁴⁾	2001 ⁽⁵⁾
(In millions, except per share data)					
Statements of income					
Revenues	\$ 31,944	\$ 30,752	\$ 27,061	\$ 25,329	\$ 25,172
Income before the cumulative effect of accounting change	2,569	2,345	1,338	1,236	120
Per common share					
Earnings before the cumulative effect of accounting change:					
Diluted	\$ 1.24	\$ 1.12	\$ 0.65	\$ 0.60	\$ 0.11
Basic	1.27	1.14	0.65	0.61	0.11
Dividends	0.24	0.21	0.21	0.21	0.21
Balance sheets					
Total assets	\$ 53,158	\$ 53,902	\$ 49,988	\$ 50,045	\$ 43,810
Borrowings	12,467	13,488	13,100	14,130	9,769
Shareholders' equity	26,210	26,081	23,791	23,445	22,672
Statements of cash flows					
Cash provided (used) by:					
Operating activities	\$ 4,269	\$ 4,370	\$ 2,901	\$ 2,286	\$ 3,048
Investing activities	(1,691)	(1,484)	(1,034)	(3,176)	(2,015)
Financing activities	(2,897)	(2,701)	(1,523)	1,511	(1,257)

(1) During fiscal 2005, Disney adopted Statement of Financial Accounting Standards No. 123R, *Share Based Payment* (SFAS 123R), which resulted in \$253 million of pre-tax expense, or (\$0.08) per diluted share. See Note 2 to the Consolidated Financial Statements in Disney's 2005 Annual Report on Form 10-K incorporated herein by reference. In addition, as shown in the table on page 35 included in Item 7 of Disney's 2005 Annual Report on Form 10-K incorporated herein by reference, the 2005 results include certain items which affected comparability. The impact on diluted earnings per share of these items was an aggregate favorable impact of \$0.03 per share. The amounts do not reflect the cumulative effect of adopting Emerging Issues Task Force (EITF) Topic D-108, *Use of the Residual Method to Value Acquired Assets Other Than Goodwill*, which was a non-cash charge of \$57 million (\$36 million after-tax or \$0.02 per diluted share). See Note 2 to the Consolidated Financial Statements in Disney's Annual Report on Form 10-K incorporated herein by reference.

(2) During fiscal 2004, Disney adopted FASB Interpretation No. 46R, *Consolidation of Variable Interest Entities* (FIN 46), and as a result, consolidated the balance sheets of Euro Disney and Hong Kong Disneyland as of March 31, 2004 and the income and cash flow statements beginning April 1, 2004, the beginning of Disney's fiscal third quarter. Under FIN 46 transition rules, Euro Disney and Hong Kong Disneyland's operating results continued to be accounted for on the equity method for the six-month period

Table of Contents

- ended March 31, 2004. In addition, as shown in the table on page 35 included in Item 7 of Disney's 2005 Annual Report on Form 10-K incorporated herein by reference, the 2004 results include certain items which affected comparability. The impact on diluted earnings per share of these items was an aggregate favorable impact of \$0.04 per share.
- (3) As shown in the table on page 35 included in Item 7 of Disney's 2005 Annual Report on Form 10-K incorporated herein by reference, the 2003 results include certain items which affected comparability. The impact on diluted earnings per share of these items was an aggregate unfavorable impact of \$0.01 per share. The amounts do not reflect the cumulative effect of adopting EITF 00-21, *Revenue Arrangements with Multiple Deliverables*, which was an after-tax charge of \$71 million or (\$0.03) per diluted share. See Note 2 to the Consolidated Financial Statements in Disney's 2005 Annual Report on Form 10-K incorporated herein by reference.
- (4) The 2002 results include a \$216 million pre-tax gain on the sale of investments and a \$34 million pre-tax gain on the sale of the Disney Stores in Japan. These items had a \$0.06 and \$0.01 impact on diluted earnings per share, respectively. During fiscal 2002, Disney acquired Fox Family Worldwide, Inc. for \$5.2 billion. Effective at the beginning of fiscal 2002, Disney adopted Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets* and, accordingly, ceased amortization of goodwill and substantially all other intangible assets.
- (5) The 2001 results include restructuring and impairment charges totaling \$1.5 billion pre-tax. The charges were primarily related to the closure of GO.com, investment write downs and a work force reduction. The diluted earnings per share impact of these charges was (\$0.52). The amounts do not reflect the cumulative effect of required accounting changes related to film and derivative accounting which were after-tax charges of \$228 million and \$50 million, respectively or (\$0.11) and (\$0.02) per diluted share, respectively.

Table of Contents**SELECTED SUMMARY HISTORICAL FINANCIAL DATA OF PIXAR**

The following selected financial data of Pixar for, and as of the end of, each of the fiscal years in the five year period ended January 1, 2005, has been derived from Pixar's audited historical financial statements. The financial statements for those periods were audited by KPMG LLP, an independent registered public accounting firm. The financial statements of Pixar as of January 1, 2005 and January 3, 2004, and for each of the years in the three-year period ended January 1, 2005, are incorporated by reference in this proxy statement/prospectus. The following unaudited selected financial data of Pixar for, and as of the end of, the nine months ended October 1, 2005 and October 2, 2004 has been derived from Pixar's unaudited historical financial statements. The data is only a summary and should be read in conjunction with Pixar's financial statements and accompanying notes, as well as management's discussion and analysis of financial condition and results of operations, all of which can be found in publicly available documents, including those incorporated by reference into this proxy statement/prospectus. For a complete list of the documents incorporated by reference into this proxy statement/prospectus, please see "Where You Can Find More Information" beginning on page 101 of this proxy statement/prospectus.

	Nine Months Ended						
	October 1, 2005	October 2, 2004	2004	2003	2002	2001	2000
(In thousands, except per share data)							
Statements of income							
Revenues	\$ 233,493	\$ 164,576	\$ 273,472	\$ 262,498	\$ 201,724	\$ 70,223	\$ 172,267
Net income	121,997	86,548	141,722	124,768	89,950	36,217	78,433
Earnings per common share (a)							
Basic	\$ 1.03	\$ 0.77	\$ 1.25	\$ 1.15	\$ 0.89	\$ 0.38	\$ 0.83
Diluted	0.99	0.73	1.19	1.09	0.84	0.35	0.79
Dividends							
Balance sheets							
Total assets	\$ 1,443,462	\$ 1,155,959	\$ 1,275,037	\$ 1,002,056	\$ 732,066	\$ 523,294	\$ 479,603
Borrowings							
Shareholders' equity	1,387,485	1,119,351	1,220,095	940,510	713,062	505,686	435,720
Statements of cash flows							
Cash provided (used) by:							
Operating activities	\$ 173,183	\$ 266,867	\$ 271,373	\$ 124,803	\$ (5,141)	\$ 60,116	\$ 56,197
Investing activities	(190,251)	(345,312)	(374,752)	(186,075)	(85,231)	(90,158)	(29,779)
Financing activities	27,608	57,670	83,720	65,161	78,514	23,090	5,653

(a) Reflects the 2 for 1 stock split of Pixar common stock effected at the close of business on April 18, 2005.

Table of Contents**COMPARATIVE HISTORICAL AND PRO FORMA PER SHARE DATA**

The following table sets forth for Disney common stock and Pixar common stock certain historical, pro forma combined and pro forma combined equivalent per share financial information. The pro forma combined and pro forma combined equivalent income and dividend per share data reflects the merger as if it had been effective on October 1, 2004. The pro forma combined and pro forma combined equivalent net book value per share reflects the merger as if it had been effective on December 31, 2005.

The pro forma data in the tables assume that the merger is accounted for using the purchase method of accounting and represents a current estimate based on available information of the combined company's results of operations for the periods presented. As of the date of this document, Disney has not completed the detailed valuation studies necessary to arrive at the required estimates of the fair market value of the Pixar assets to be acquired and liabilities to be assumed and the related allocations of purchase price, nor has it identified all the adjustments necessary to conform Pixar's data to Disney's accounting policies. However, Disney has made certain adjustments to the historical book values of the assets and liabilities of Pixar as of October 1, 2005 to reflect certain preliminary estimates of the fair values necessary to prepare the unaudited pro forma combined and pro forma combined equivalent data. The fair value adjustments included in the unaudited pro forma combined and pro forma combined equivalent data represent management's estimate of these adjustments based upon currently available information. The preliminary purchase price allocation assigned value to certain identifiable intangible assets, including Pixar's film library and the Pixar trademark and tradename. Actual results may differ from this pro forma combined data once Disney has determined the final purchase price for Pixar and has completed the detailed valuation studies necessary to finalize the required purchase price allocations and identified any necessary conforming accounting policy changes for Pixar. Accordingly, the final purchase price allocation, which will be determined subsequent to the closing of the merger, and its effect on results of operations, may differ materially from the pro forma combined amounts included in this section, although these amounts represent management's best estimates as of the date of this document.

The pro forma combined and pro forma combined equivalent data is provided for illustrative purposes only and does not purport to represent what the actual consolidated results of operations or the consolidated financial position of Disney would have been had the merger occurred on the dates assumed, nor are they necessarily indicative of future consolidated results of operations or consolidated financial position.

	Three Months Ended December 31, 2005	Year Ended October 1, 2005
	<u> </u>	<u> </u>
Disney historical data:		
Income before cumulative effect of accounting change per basic share	\$ 0.38	\$ 1.27
Income before cumulative effect of accounting change per diluted share	\$ 0.37	\$ 1.24
Cash dividends per share	\$	\$ 0.24
Net book value per share ⁽¹⁾	\$ 13.19	
Pixar historical data:		
Net income per basic share	\$ 0.23 ⁽²⁾	\$ 1.51 ⁽³⁾
Net income per diluted share	\$ 0.22 ⁽²⁾	\$ 1.44 ⁽³⁾
Cash dividends per share	\$ ⁽²⁾	\$ ⁽³⁾
Net book value per share ⁽¹⁾	\$ 11.70	
Pro forma combined data⁽⁴⁾:		
Income before cumulative effect of accounting change per basic share ⁽⁵⁾	\$ 0.34	\$ 1.16
Income before cumulative effect of accounting change per diluted share ⁽⁵⁾	\$ 0.33	\$ 1.14