WALT DISNEY CO/
Form 10-K
November 20, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended September 28, 2013 Commission File Number 1-11605

Incorporated in Delaware
500 South Buena Vista Street, Burbank, California 91521
(818) 560-1000

I.R.S. Employer Identification No.
95-4545390

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $.01 par value	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: None.
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No o
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes x No o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o
Indicate by check mark if disclosure of delinquent filers pursuant to Rule 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one).

Large accelerated filer	x	Accelerated filer	o
Non-accelerated filer (do not check if smaller reporting company)	o	Smaller reporting company	o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No x
The aggregate market value of common stock held by non-affiliates (based on the closing price on the last business day of the registrant's most recently completed second fiscal quarter as reported on the New York Stock Exchange-Composite Transactions) was $102.1 billion. All executive officers and directors of the registrant and all persons filing a Schedule 13D with the Securities and Exchange Commission in respect to registrant's common stock have been deemed, solely for the purpose of the foregoing calculation, to be "affiliates" of the registrant.
There were 1,757,279,616 shares of common stock outstanding as of November 14, 2013.
Documents Incorporated by Reference

Certain information required for Part III of this report is incorporated herein by reference to the proxy statement for the 2014 annual meeting of the Company's shareholders.

THE WALT DISNEY COMPANY AND SUBSIDIARIES
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PART I

ITEM 1. Business

The Walt Disney Company, together with its subsidiaries, is a diversified worldwide entertainment company with operations in five business segments: Media Networks, Parks and Resorts, Studio Entertainment, Consumer Products and Interactive. On December 21, 2012, we completed the acquisition of Lucasfilm Ltd. LLC (Lucasfilm), which includes the Star Wars franchise. See Note 3 to the Consolidated Financial Statements. Lucasfilm results are included primarily in our Studio Entertainment and Consumer Products segments. For convenience, the terms “Company” and “we” are used to refer collectively to the parent company and the subsidiaries through which our various businesses are actually conducted.

Information on the Company’s revenues, operating income and identifiable assets appears in Note 1 to the Consolidated Financial Statements included in Item 8 hereof. The Company employed approximately 175,000 people as of September 28, 2013.

MEDIA NETWORKS

The Media Networks segment includes broadcast and cable television networks, television production operations, television distribution, domestic television stations and radio networks and stations.

The businesses in the Media Networks segment generate revenue from fees charged to cable, satellite and telecommunications service providers (Multi-channel Video Programming Distributors or MVPDs) and television stations affiliated with our domestic broadcast television network, from the sale to advertisers of time in programs for commercial announcements and from other sources such as the sale and distribution of television programming. Significant operating expenses include programming and production costs, technical support costs, distribution costs and operating labor.

Cable Networks

Our cable networks include ESPN, Disney Channels Worldwide, ABC Family and SOAPnet. We also operate the UTV/Bindass networks in India. The cable networks group produces its own programs or acquires rights from third-parties to air programs on our networks. The Company also has interests in joint ventures that operate cable and broadcast programming services and are accounted for under the equity method of accounting.

Cable networks derive a majority of their revenues from fees charged to MVPDs for the right to deliver our programming to their customers and, for certain networks (primarily ESPN and ABC Family), the sale to advertisers of time in network programs for commercial announcements. Generally, the Company’s cable networks operate under multi-year agreements with MVPDs that include contractually determined fees. The amounts that we can charge to MVPDs for our cable network services are largely dependent on the competitive market and the quality and quantity of programming that we can provide. The ability to sell time for commercial announcements and the rates received are primarily dependent on the size and nature of the audience that the network can deliver to the advertiser as well as overall advertiser demand. We also sell programming developed by our cable networks worldwide in pay and syndication television markets, in DVD and Blu-ray format and also online.

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The Company’s significant cable networks and our ownership percentage and estimated subscribers as of September 28, 2013 are set forth in the following table:

	Estimated Subscribers (in millions) [(1)]	Ownership %
ESPN		
ESPN	99	80.0
ESPN2	99	80.0
ESPNEWS	76	80.0
ESPN Classic	31	80.0
ESPNU	76	80.0
Disney Channels Worldwide		
Disney Channel - Domestic	99	100.0
Disney Channels – International	172	100.0
Disney Junior – Domestic	63	100.0
Disney Junior – International	97	100.0
Disney XD - Domestic	82	100.0
Disney XD – International	106	100.0
ABC Family	98	100.0
SOAPnet	67	100.0
A&E Television Networks (AETN)		
A&E	100	50.0
Lifetime	100	50.0
HISTORY	99	50.0
LMN	85	50.0
BIO	69	50.0
H2	70	50.0
Lifetime Real Women	16	50.0

(1) Estimated domestic subscriber counts are according to Nielsen Media Research. International subscriber counts are based on internal management reports.

ESPN

ESPN is a multimedia, multinational sports entertainment company that operates seven 24-hour domestic television sports networks: ESPN, ESPN2, ESPNEWS, ESPN Classic, ESPN Deportes (a Spanish language network), ESPNU (a network devoted to college sports) and the regionally focused Longhorn Network (a network dedicated to The University of Texas athletics). ESPN also operates five high-definition television simulcast services: ESPN HD, ESPN2 HD, ESPNEWS HD, ESPNU HD and ESPN Deportes HD. ESPN programs the sports schedule on the ABC Television Network, which is branded ESPN on ABC. ESPN owns 16 international sports networks reaching households in 62 countries and territories in four languages. In addition, ESPN holds a 30% equity interest in CTV Specialty Television, Inc., which owns television networks in Canada, including The Sports Network, The Sports Network 2, Le Réseau des Sports, ESPN Classic Canada, the NHL Network and Discovery Canada. ESPN owned a 50% equity interest in ESPN STAR Sports (ESS), a joint venture, which distributes sports programming throughout most of Asia. ESPN sold its interest in ESS to the joint venture partner in November 2012. (See Note 4 to the Consolidated Financial Statements.) ESPN intends to launch a new network in August 2014, which will carry sports programming dedicated to South East Conference (SEC) college athletics (The SEC Network).

ESPN holds rights for various professional and college sports programming including the National Football League (NFL), the National Basketball Association (NBA), Major League Baseball (MLB), the Bowl Championship Series, major college football and basketball conferences, National Association of Stock Car Auto Racing (NASCAR), the

Wimbledon Championships, US Open Tennis and the British Open and Masters golf tournaments.

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ESPN also operates:

- ESPN.com – which delivers comprehensive sports news, information and video each month through its national hub and six local sites – ESPNBoston.com, ESPNChicago.com, ESPNDallas.com, ESPNDeportesLosAngeles.com, ESPNLosAngeles.com and ESPNNewYork.com
- ESPN3 – which is a broadband service available to over 85 million subscribers that delivers more than 4,800 live events annually
- ESPN Mobile Properties – which delivers content, including live game coverage, alerts and highlights, to mobile devices
- WatchESPN – which delivers ESPN, ESPN2, ESPNU, ESPN Deportes and ESPN3 content online or through mobile devices. These linear channel feeds are available to consumers who have subscriptions to select MVPDs
- ESPN Regional Television – which is a syndicator of collegiate sports programming
- The ESPN Radio Network – which distributes regularly scheduled programming and is one of the largest sports radio networks in the U.S. ESPN Radio network programming is carried on more than 450 stations including four ESPN owned stations in New York, Dallas, Chicago and Los Angeles
- ESPN The Magazine – which is a bi-weekly sports magazine
- ESPN Enterprises – which develops branded licensing opportunities
- espnW – which provides an online destination for female sports fans and athletes

Disney Channels Worldwide

Disney Channels Worldwide includes over 100 channels available in 34 languages and 166 countries/territories. Branded channels include Disney Channel, Disney Junior, Disney XD, Disney Cinemagic, Hungama and DLife. Disney Channels Worldwide also operates Radio Disney and has content available through subscription and video-on-demand services and online through our websites: DisneyChannel.com, DisneyXD.com, DisneyJunior.com and RadioDisney.com. Programming for these networks includes internally developed and acquired programming.

Disney Channel - Disney Channel is a 24-hour cable network airing original series and movie programming targeted to children ages 6 to 14 and families. Disney Channel develops and produces shows for exhibition on its network, including live-action comedy series, animated programming and preschool series as well as original movies. Live-action comedy series include A.N.T. Farm, Austin & Ally, Good Luck Charlie, Dog with a Blog, Jessie, Shake It Up and Liv & Maddie. Disney Channel also airs the animated programs, Fish Hooks, Gravity Falls, Phineas and Ferb and Wander over Yonder. Original animated series for preschoolers include Disney's Mickey Mouse Clubhouse, Doc McStuffins, Jake and the Never Land Pirates and Sofia the First. Disney Channel also airs programming and content from Disney's theatrical film and television programming library.

Disney Junior - Disney Junior is a 24-hour cable network that airs programming for children ages 2 to 7 and their parents and caregivers, featuring animated and live-action programming that blends Disney's storytelling and characters with learning. Programming focuses on early math and language skills, healthy eating and social skills. In fiscal 2012, we began the conversion of one of our domestic cable networks, SOAPnet, to Disney Junior and most MVPDs that carried SOAPnet have transitioned to carrying the Disney Junior network. We expect that the conversion will be completed early in fiscal 2014. Disney Junior also airs as a programming block on the Disney Channel in the U.S. and other owned and third-party channels outside of the United States. Original animated series include Disney's Mickey Mouse Clubhouse, Doc McStuffins, Sofia the First, Jake and the Never Land Pirates and Henry Hugglemonster.

Disney XD - Disney XD is a 24-hour cable channel airing a mix of live-action and animated original programming for kids ages 6 to 14. Programming includes live-action series Crash & Bernstein, Kickin' It, Kid vs. Kat and Lab Rats and animated series Phineas and Ferb, Randy Cunningham 9th Grade Ninja, Hulk and the Agents of S.M.A.S.H., Marvel's Avengers Assemble, Ultimate Spider Man and Zeke and Luther.

We also have Disney XD channels in Latin America, Europe and Asia.

WatchDisneyChannel.com, WatchDisneyJunior.com and WatchDisneyXD.com launched in the U.S. in 2012 and provide a way for subscribers of MVPDs to watch the live channel feed through a computer or mobile device. Other Disney Channel content is also available without a MVPD subscription.

Disney Cinemagic - Disney Cinemagic is a premium subscription service available in certain countries in Europe that shows Disney movies, classic and newer Disney cartoons and shorts as well as animated television series.

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Hungama - Hungama is a kids general entertainment cable network in India, which features a mix of anime, Hindi-language series and game shows.
Radio Disney - Radio Disney is a 24-hour radio network devoted to kids, tweens and families, which is available on 24 domestic terrestrial radio stations, RadioDisney.com, TuneIn Radio app, TuneIn.com/RadioDisney, SiriusXM, iTunes Radio Tuner, mobile phones, the Radio Disney iPhone, iPad and Android apps and the Radio Disney Facebook page. Radio Disney is also available throughout Latin America on two owned terrestrial stations and through licensing agreements with third-party radio stations.
Seven TV - During fiscal 2012, the Company acquired a 49% ownership interest in Seven TV network from UTH Russia Limited for $300 million. The Seven TV network has been converted to an advertising-supported, free-to-air Disney Channel in Russia. (See Note 3 to the Consolidated Financial Statements.) The Company's share of the financial results of Seven TV is reported as "Equity in the income of investees" in the Company's Consolidated Statements of Income.
Das Vierte - In December 2012, the Company acquired Das Vierte, an advertising-supported channel in Germany. The Company plans to convert this channel to a free-to-air Disney Channel in early 2014.
ABC Family
ABC Family is a U.S. television programming service that targets viewers in the 14 to 34 age demographic. ABC Family produces original live-action programming including the returning series Switched at Birth, Melissa & Joey and Baby Daddy as well as the new original series The Fosters and Twisted. ABC Family also acquires programming from third parties including the returning series Pretty Little Liars and the new series Ravenswood. Additionally, ABC Family airs content from our owned theatrical film library and features branded holiday programming events such as "13 Nights of Halloween" and "25 Days of Christmas".
ABCFamily.com provides online access to full-length episodes of ABC Family programming through personal computers. The ABC Family app provides full-length episodes of ABC Family programming to mobile devices. ABCFamily.com also provides online extensions to ABC Family programming such as Pretty Dirty Secrets, which is an extension of Pretty Little Liars.
SOAPnet
SOAPnet offers same-day episodes of daytime dramas and classic episodes of daytime dramas and primetime series. Programming includes daytime dramas such as Days of Our Lives, General Hospital and The Young and the Restless and classic episodes from series such as All My Children, One Life to Live, The O.C., One Tree Hill, Beverly Hills 90210, Gilmore Girls, Veronica Mars and Brothers & Sisters. In fiscal 2012, we began the conversion of SOAPnet to Disney Junior, and most MVPDs that carried SOAPnet have transitioned to carrying the Disney Junior network. We expect that the conversion will be completed early in fiscal 2014.
UTV Networks
In India, we operate the Bindass, UTV World Movies, UTV Action, UTV Movies and UTV Stars cable television channels. During fiscal 2012, the Company increased its ownership in UTV from 50% to 99%. (See Note 3 to the Consolidated Financial Statements.)
In the second quarter of fiscal 2013, we formed a joint venture with Viacom and TV18 that will distribute the networks operated in India by the joint venture partners, including our UTV and Disney networks, to MVPDs. The Company's share of the joint venture's financial results is reported as "Equity in the income of investees" in the Company's Consolidated Statements of Income.

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AETN

The A&E Television Networks (AETN), a joint venture owned 50% by the Company and 50% by the Hearst Corporation, operates a variety of cable programming services including A&E, HISTORY, BIO, H2, Lifetime, LMN and Lifetime Real Women. A&E offers entertainment programming including reality series, original movies, dramatic series and justice shows. HISTORY offers original non-fiction series and event-driven specials. BIO offers original series about prominent people and their lives, including the “Biography” series. H2 focuses on the culture and history of various countries throughout the world from the perspective of locals. Lifetime Television is devoted to women’s lifestyle programming. LMN is a 24-hour movie channel. Lifetime Real Women is a 24-hour cable network with programming focusing on women. Internationally, AETN programming is available in over 150 countries.

During fiscal 2012, the Company’s ownership interest in AETN increased from 42.1% to 50% as a result of AETN’s redemption of NBCUniversal’s 15.8% equity interest in AETN. (See Note 3 to the Consolidated Financial Statements.) The Company’s share of AETN's financial results is reported as “Equity in the income of investees” in the Company’s Consolidated Statements of Income.

Broadcasting

Our broadcasting business includes a domestic broadcast network, television production and distribution operations and 8 owned domestic television stations. The Company also has an interest in Hulu LLC (Hulu), a joint venture that distributes film and television content on the internet.

Domestic Broadcast Television Network

The Company operates the ABC Television Network (ABC), which as of September 28, 2013, had affiliation agreements with 239 local television stations reaching 99% of all U.S. television households. ABC broadcasts programs in the following “dayparts”: primetime, daytime, late night, news and sports.

ABC produces its own programs and also acquires programming rights from third parties as well as entities that are owned by or affiliated with the Company. ABC derives the majority of its revenues from the sale to advertisers of time in network programs for commercial announcements. The ability to sell time for commercial announcements and the rates received are primarily dependent on the size and nature of the audience that the network can deliver to the advertiser as well as overall advertiser demand for time on network broadcasts. ABC also receives fees for its broadcast feed from affiliated television stations.

ABC.com is the official website of ABC and provides access to full-length episodes of ABC shows online. The Watch ABC app provides subscribers of participating MVPDs access to the participating local ABC TV linear feed along with full-length episodes of ABC programming on mobile devices. Non-subscribers have access to a more limited range of programming and do not get access to the linear feed. ABCNews.com provides in-depth worldwide news coverage online and video-on-demand news reports from ABC News broadcasts. In fiscal 2011, ABC News entered into an agreement to provide news content to Yahoo! News.

Television Production

The Company produces the majority of its original live-action television programming under the ABC Studios label. Program development is carried out in collaboration with independent writers, producers and creative teams, with a focus on half-hour comedies and one-hour dramas, primarily for primetime broadcasts. Primetime programming produced either for our networks or for third parties for the 2013/2014 television season includes the returning one-hour dramas: Castle, Criminal Minds, Devious Maids, Grey’s Anatomy, Mistresses, Nashville, Once Upon a Time, Perception, Revenge and Scandal; and the returning half-hour comedies, Cougar Town and The Neighbors. New primetime series include the one-hour dramas: Betrayal, Marvel's Agents of S.H.I.E.L.D. and Once Upon A Time in Wonderland, and the half-hour comedy, Trophy Wife. Additionally the drama series, Intelligence, Killer Women and Resurrection, and the comedy, Mixology are in production for mid-season launch. The Company also produces the late night show, Jimmy Kimmel Live, a variety of primetime specials for network television and live-action syndicated programming.

Syndicated programming includes the daytime talk shows, Katie and Live! with Kelly and Michael, and the game show, Who Wants to Be a Millionaire. The Company also produces news programming including World News with

Diane Sawyer, 20/20, Nightline, Good Morning America and This Week with George Stephanopoulos and programming for daytime such as General Hospital, The View and The Chew.

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Television Distribution

We distribute the Company's productions worldwide in pay and syndication television markets, in DVD and Blu-ray format and also online via Company internet sites, Hulu and third-party services.

Domestic Television Stations

The Company owns eight television stations, six of which are located in the top-ten markets in the U.S. The television stations derive the majority of their revenues from the sale to advertisers of time in station programming for commercial announcements. The stations also receive retransmission fees from MVPDs for the right to deliver our programming to their customers. All of our television stations are affiliated with ABC and collectively reach 23% of the nation's television households. Each owned station broadcasts three digital channels: the first consists of local, ABC and syndicated programming; the second is the Live Well Network in standard definition; and the third is the Live Well Network in high definition.

The Live Well Network provides programming focusing on lifestyle topics such as interior design, healthy cooking and outdoor activities. The Live Well Network is available to 69% of the nation's households through our owned stations and affiliates.

Details for the stations we own are as follows:

TV Station	Market	Television Market Ranking[1]
WABC	New York, NY	1
KABC	Los Angeles, CA	2
WLS	Chicago, IL	3
WPVI	Philadelphia, PA	4
KGO	San Francisco, CA	6
KTRK	Houston, TX	10
WTVD	Raleigh-Durham, NC	24
KFSN	Fresno, CA	55

(1) Based on Nielsen Media Research, U.S. Television Household Estimates, January 1, 2013

Hulu

Hulu is a joint venture owned by Fox Entertainment Group, NBCUniversal and the Company following Hulu's October 2012 redemption of a 10% interest held by Providence Equity Partners. Its principal business is to aggregate television and film entertainment for viewing on the internet. Hulu offers a free service, which is advertising supported and a subscription based service, Hulu Plus. The Hulu Plus service offers more content and less commercial time than the free service. In July 2013, Fox Entertainment Group, NBCUniversal and the Company agreed to provide Hulu with $750 million in cash to fund Hulu's operations and investments for future growth, of which $380 million has been provided as of September 28, 2013. The Company has contributed $134 million of its $257 million share of this cash commitment and the Company's ownership interest increased from 29% to 33%. (See Note 3 to the Consolidated Financial Statements.) The Company's share of Hulu's financial results is reported as "Equity in the income of investees" in the Company's Consolidated Statements of Income.

Fusion

In fiscal 2012, the Company and Univision formed a joint venture to create Fusion, a news, pop culture and lifestyle television and digital network targeted at English speaking Hispanic Millennials, which launched in October 2013. The Company's share of Fusion's financial results is reported as "Equity in the income of investees" in the Company's Consolidated Statements of Income.

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Competition and Seasonality

The Company’s Media Networks businesses compete for viewers primarily with other television and cable networks, independent television stations and other media, such as DVD and Blu-ray formats, video games and the internet. With respect to the sale of advertising time, our broadcasting operations, certain of our cable networks and our television and radio stations compete with other television networks and radio stations, independent television stations, MVPDs and other advertising media such as newspapers, magazines, billboards and the internet. Our television and radio stations primarily compete for audiences in individual market areas. A television or radio station in one market generally does not compete directly with stations in other markets.

The growth in the number of networks distributed by MVPDs has resulted in increased competitive pressures for advertising revenues for our broadcasting and cable networks. The Company’s cable networks also face competition from other cable networks for carriage by MVPDs. The Company’s contractual agreements with MVPDs are renewed or renegotiated from time to time in the ordinary course of business. Consolidation and other market conditions in the cable and satellite distribution industry and other factors may adversely affect the Company’s ability to obtain and maintain contractual terms for the distribution of its various cable programming services that are as favorable as those currently in place.

The Company’s Media Networks businesses also compete for the acquisition of sports and other programming. The market for programming is very competitive, particularly for sports programming. The Company currently has sports rights agreements with the NFL, college football (including college football bowl games) and basketball conferences, NBA, NASCAR, MLB, World Cup and various soccer leagues, and golf and tennis associations.

The Company’s internet websites and digital products compete with other websites and entertainment products in their respective categories.

Advertising revenues at the Media Networks are subject to seasonal advertising patterns and changes in viewership levels. Revenues are typically somewhat higher during the fall and somewhat lower during the summer months. Affiliate revenues are typically collected ratably throughout the year. Certain affiliate revenues at ESPN are deferred until annual programming commitments are met. These commitments are typically satisfied during the second half of the Company’s fiscal year, which generally results in higher revenue recognition during this period.

Federal Regulation

Television and radio broadcasting are subject to extensive regulation by the Federal Communications Commission (FCC) under federal laws and regulations, including the Communications Act of 1934, as amended. Violation of FCC regulations can result in substantial monetary forfeitures, limited renewals of licenses and, in egregious cases, denial of license renewal or revocation of a license. FCC regulations that affect our Media Networks segment include the following:

- Licensing of television and radio stations. Each of the television and radio stations we own must be licensed by the FCC. These licenses are granted for periods of up to eight years, and we must obtain renewal of licenses as they expire in order to continue operating the stations. We (or the acquiring entity in the case of a divestiture) must also obtain FCC approval whenever we seek to have a license transferred in connection with the acquisition or divestiture of a station. The FCC may decline to renew or approve the transfer of a license in certain circumstances and may delay renewals while permitting a licensee to continue operating. The FCC has delayed renewals for a number of broadcast licensees, including a number of our licenses, in recent years while permitting the licensees to continue operating. Although we have received such renewals and approvals in the past or have been permitted to continue operations when renewal is delayed, there can be no assurance that this will be the case in the future.
- Television and radio station ownership limits. The FCC imposes limitations on the number of television stations and radio stations we can own in a specific market, on the combined number of television and radio stations we can own in a single market and on the aggregate percentage of the national audience that can be reached by television stations we own. Currently:

FCC regulations may restrict our ability to own more than one television station in a market, depending on the size and nature of the market. We do not own more than one television station in any of the markets in which we own a television station.

Federal statutes permit our television stations in the aggregate to reach a maximum of 39% of the national audience (for this purpose, FCC regulations attribute to UHF television stations only 50% of the television households in their market). For purposes of the FCC's rules, our eight stations reach approximately 21% of the national audience.

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FCC regulations in some cases impose restrictions on our ability to acquire additional radio or television stations in the markets in which we own radio stations, but we do not believe any such limitations are material to our current operating plans.

- Dual networks. FCC rules currently prohibit any of the four major television networks — ABC, CBS, Fox and NBC — from being under common ownership or control.
- Regulation of programming. The FCC regulates broadcast programming by, among other things, banning "indecent" programming, regulating political advertising and imposing commercial time limits during children's programming. Penalties for broadcasting indecent programming are a maximum of $325,000 per station.

Federal legislation and FCC rules also limit the amount of commercial matter that may be shown on broadcast or cable channels during programming designed for children 12 years of age and younger. In addition, broadcast channels are generally required to provide a minimum of three hours per week of programming that has as a "significant purpose" meeting the educational and informational needs of children 16 years of age and younger. FCC rules also give television station owners the right to reject or refuse network programming in certain circumstances or to substitute programming that the licensee reasonably believes to be of greater local or national importance.

- Cable and satellite carriage of broadcast television stations. With respect to cable systems operating within a television station's Designated Market Area, FCC rules require that every three years each television station elect either "must carry" status, pursuant to which cable operators generally must carry a local television station in the station's market, or "retransmission consent" status, pursuant to which the cable operator must negotiate with the television station to obtain the consent of the television station prior to carrying its signal. Under the Satellite Home Viewer Improvement Act and its successors, including most recently the Satellite Television Extension and Localism Act (STELA), which also requires the "must carry" or "retransmission consent" election, satellite carriers are permitted to retransmit a local television station's signal into its local market with the consent of the local television station. Portions of these satellite laws are set to expire on December 31, 2014, and legislative discussions are underway with respect to their renewal. Under "must carry," if a satellite carrier elects to carry one local station in a market, the satellite carrier must carry the signals of all local television stations that also request carriage.
- Cable and satellite carriage of programming. The Communications Act and FCC rules regulate some aspects of negotiations regarding cable and satellite retransmission consent, and some cable and satellite companies have sought regulation of additional aspects of the carriage of programming on cable and satellite systems. New legislation, court action or regulation in this area could, depending on its specific nature, have an impact on the Company's operations.

The foregoing is a brief summary of certain provisions of the Communications Act and other legislation and of specific FCC rules and policies. Reference should be made to the Communications Act, other legislation, FCC rules and public notices and rulings of the FCC for further information concerning the nature and extent of the FCC's regulatory authority.

FCC laws and regulations are subject to change, and the Company generally cannot predict whether new legislation, court action or regulations, or a change in the extent of application or enforcement of current laws and regulations, would have an adverse impact on our operations.

PARKS AND RESORTS

The Company owns and operates the Walt Disney World Resort in Florida, the Disneyland Resort in California, Aulani, a Disney Resort & Spa in Hawaii, the Disney Vacation Club, the Disney Cruise Line and Adventures by Disney. The Company manages and has effective ownership interests of 51% in Disneyland Paris, 48% in Hong Kong Disneyland Resort and 43% in Shanghai Disney Resort, each of which is consolidated in our financial statements. The Company also licenses the operations of the Tokyo Disney Resort in Japan. The Company's Walt Disney Imagineering unit designs and develops new theme park concepts and attractions as well as resort properties.

The businesses in the Parks and Resorts segment generate revenues predominately from the sale of admissions to theme parks; sales of food, beverage and merchandise; charges for room nights at hotels; sales of cruise vacation packages; and sales and rentals of vacation club properties. Significant costs include labor; depreciation; costs of merchandise, food and beverage sold; marketing and sales expense; repairs and maintenance; utilities; information technology; and cost of vacation club units.

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Walt Disney World Resort

The Walt Disney World Resort is located 22 miles southwest of Orlando, Florida, on approximately 25,000 acres of owned land. The resort includes theme parks (the Magic Kingdom, Epcot, Disney's Hollywood Studios and Disney's Animal Kingdom); hotels; vacation club properties; a retail, dining and entertainment complex; a sports complex; conference centers; campgrounds; golf courses; water parks; and other recreational facilities designed to attract visitors for an extended stay.

The Walt Disney World Resort is marketed through a variety of international, national and local advertising and promotional activities. A number of attractions and restaurants in each of the theme parks are sponsored by other corporations through long-term agreements.

Magic Kingdom — The Magic Kingdom, which opened in 1971, consists of six themed lands: Adventureland, Fantasyland, Frontierland, Liberty Square, Main Street USA and Tomorrowland. Each land provides a unique guest experience featuring themed rides and attractions, live Disney character interactions, restaurants, refreshment areas and merchandise shops. Additionally, there are daily parades and a nighttime fireworks extravaganza, Wishes. The Company is currently in a multi-year expansion of Fantasyland that includes new themed areas and attractions that will nearly double the size of the land once the project is completed in 2014.

Epcot — Epcot, which opened in 1982, consists of two major themed areas: Future World and World Showcase. Future World dramatizes certain historical developments and addresses the challenges facing the world today through pavilions devoted to showcasing science and technology improvements, communication, energy, transportation, use of imagination, nature and food production, the ocean environment and space. World Showcase presents a community of nations focusing on the culture, traditions and accomplishments of people around the world. Countries represented with pavilions include Canada, China, France, Germany, Italy, Japan, Mexico, Morocco, Norway, the United Kingdom and the United States. Both areas feature themed rides and attractions, restaurants and merchandise shops. Epcot also features Illuminations: Reflections of Earth, a nighttime entertainment spectacular.

Disney's Hollywood Studios — Disney's Hollywood Studios, which opened in 1989, consists of four themed areas: Animation Courtyard, Backlot, Hollywood Boulevard and Sunset Boulevard. The four areas provide behind-the-scenes glimpses of Hollywood-style action through various shows and attractions and offer themed food service and merchandise facilities. The park also features Fantasmic!, a nighttime entertainment spectacular.

Disney's Animal Kingdom — Disney's Animal Kingdom, which opened in 1998, consists of a 145-foot Tree of Life centerpiece surrounded by six themed areas: Africa, Asia, Camp Minnie-Mickey, Dinoland U.S.A., Discovery Island and Rafiki's Planet Watch. Each themed area contains attractions, entertainment shows, restaurants and merchandise shops. The park features more than 300 species of mammals, birds, reptiles and amphibians and 3,000 varieties of trees and plants. In September 2011, the Company announced an agreement with James Cameron's Lightstorm Entertainment and Fox Filmed Entertainment for the exclusive global theme park rights to create themed lands based on the AVATAR franchise with the first land planned for Disney's Animal Kingdom. Scheduled to open in 2017, the AVATAR-inspired land will be a part of an expansion in Disney's Animal Kingdom, which will include new entertainment and nighttime experiences.

Hotels and Other Resort Facilities — As of September 28, 2013, the Company owned and operated 18 resort hotels at the Walt Disney World Resort, with a total of approximately 24,000 rooms and 3,010 vacation club units. Resort facilities include 468,000 square feet of conference meeting space and Disney's Fort Wilderness camping and recreational area, which offers approximately 800 campsites.

The Walt Disney World Resort also hosts a 120-acre retail, dining and entertainment complex known as Downtown Disney. Downtown Disney is home to Cirque du Soleil, DisneyQuest, the House of Blues and the 51,000-square-foot World of Disney retail store featuring Disney-branded merchandise. A number of the Downtown Disney facilities are operated by third parties that pay rent to the Company. In 2013, the Company announced a three-year expansion to transform Downtown Disney into Disney Springs, which will provide visitors with more shopping, dining and entertainment options.

ESPN Wide World of Sports, which opened in 1997, is a 230-acre sports complex that hosts professional caliber training and competitions, festival and tournament events and interactive sports activities. The complex, which welcomes over 200 amateur and professional events each year, accommodates multiple sporting events, including baseball, basketball, football, soccer, softball, tennis and track and field. Its stadium, which has a seating capacity of approximately 9,500, is the spring training site for MLB's Atlanta Braves.

In the Downtown Disney Resort area, seven independently-operated hotels are situated on property leased from the Company. These hotels include approximately 3,700 rooms. Additionally, the Walt Disney World Swan and the Walt Disney

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World Dolphin hotels, which have approximately 2,300 total rooms, are independently operated on property leased from the Company near Epcot.

Other recreational amenities and activities available at the Walt Disney World Resort include three championship golf courses, miniature golf courses, full-service spas, tennis, sailing, water skiing, swimming, horseback riding and a number of other noncompetitive sports and leisure time activities. The resort also includes two water parks: Blizzard Beach and Typhoon Lagoon.

Disneyland Resort

The Company owns 461 acres and has the rights under long-term lease for use of an additional 49 acres of land in Anaheim, California. The Disneyland Resort includes two theme parks (Disneyland and Disney California Adventure), three hotels and Downtown Disney, a retail, dining and entertainment complex designed to attract visitors for an extended stay.

The Disneyland Resort is marketed as a destination through international, national and local advertising and promotional activities. A number of the attractions and restaurants at the theme parks are sponsored by other corporations through long-term agreements.

Disneyland — Disneyland, which opened in 1955, consists of eight principal areas: Adventureland, Critter Country, Fantasyland, Frontierland, Main Street USA, Mickey's Toontown, New Orleans Square and Tomorrowland. These areas feature themed rides and attractions, shows, restaurants, merchandise shops and refreshment stands. Additionally, Disneyland offers daily parades and a nighttime entertainment spectacular, Fantasmic!.

Disney California Adventure — Disney California Adventure, which opened in 2001, is adjacent to Disneyland and includes eight principal areas: Buena Vista Street, Cars Land, Condor Flats, Grizzly Peak, Hollywood Land, Pacific Wharf, Paradise Pier and "a bug's land". These areas include rides, attractions, shows, restaurants, merchandise shops and refreshment stands. Additionally, Disney California Adventure offers a nighttime water spectacular, World of Color.

Hotels and Other Resort Facilities — Disneyland Resort includes three Company-owned and operated hotels with a total of approximately 2,400 rooms, 50 vacation club units and 180,000 square feet of conference meeting space.

Downtown Disney, a themed 15-acre outdoor complex of entertainment, dining and shopping venues, is located adjacent to both Disneyland and Disney California Adventure. A number of the Downtown Disney facilities are operated by third parties that pay rent to the Company.

Aulani, a Disney Resort & Spa

In August 2011 the Company opened its first mixed-use family resort outside of its theme park developments on a 21-acre oceanfront property on Oahu, Hawaii. Aulani, a Disney Resort & Spa features 359 hotel rooms, an 18,000 square foot spa and 12,000 square feet of conference meeting space. The resort also has a 481 unit Disney Vacation Club facility.

Disneyland Paris

The Company has a 51% effective ownership interest in Disneyland Paris, a 5,510-acre development located in Marne-la-Vallée, approximately 20 miles east of Paris, France, which has been developed pursuant to a master agreement with French governmental authorities. The Company manages and has a 40% equity interest in Euro Disney S.C.A., a publicly-traded French entity that is the holding company for Euro Disney Associés S.C.A., the primary operating company of Disneyland Paris. Euro Disney S.C.A. and its subsidiaries operate Disneyland Paris, which includes two theme parks (Disneyland Park and Walt Disney Studios Park); seven themed hotels; two convention centers; a shopping, dining and entertainment complex; and a 27-hole golf facility. Of the 5,510 acres comprising the site, approximately half have been developed to date, including the Val d'Europe development discussed below. An indirect, wholly-owned subsidiary of the Company is responsible for managing Disneyland Paris. Euro Disney S.C.A. is required to pay royalties and management fees to the Company based on the operating performance of the resort.

Disneyland Park — Disneyland Park, which opened in 1992, consists of five principal themed areas: Adventureland, Discoveryland, Fantasyland, Frontierland and Main Street. These areas include themed rides, attractions, shows, restaurants, merchandise shops and refreshment stands. Disneyland Park also features a daily parade and a nighttime entertainment spectacular, Disney Dreams!.

Walt Disney Studios Park — Walt Disney Studios Park opened in March 2002 adjacent to Disneyland Park. The park takes guests into the worlds of cinema, animation and television and includes four principal themed areas: Backlot, Front Lot, Production Courtyard and Toon Studios. These areas each include themed rides, attractions, shows, restaurants, merchandise shops and refreshment stands. In fiscal 2013, Euro Disney S.C.A. announced a new attraction based on the Disney Pixar movie Ratatouille, scheduled to open in Walt Disney Studios Park in 2014.

Hotels and Other Facilities — Disneyland Paris operates seven resort hotels, with a total of approximately 5,800 rooms and 250,000 square feet of conference meeting space. In addition, several on-site hotels that are owned and operated by third parties provide approximately 2,400 rooms.

Disneyland Paris also includes Disney Village, a retail, dining and entertainment complex of approximately 500,000 square feet, located between the theme parks and the hotels. A number of the Disney Village facilities are operated by third parties that pay rent to a subsidiary of Euro Disney S.C.A.

Val d'Europe is a planned community that is being developed near Disneyland Paris. The development is being completed in phases that will ultimately include: a regional train station, hotels and a town center, which will consist of a shopping center and office, commercial and residential space. Third parties operate these developments on land leased or purchased from Euro Disney S.C.A. and its subsidiaries.

In September 2012, the Company provided €1.3 billion of financing to Euro Disney S.C.A, which was used to repay its outstanding third-party bank debt. The repayment eliminated certain financial and operating covenants, notably those related to capital expenditure limitations and the payment of royalties and management fees due to the Company. (See Note 6 to the Consolidated Financial Statements.)

Hong Kong Disneyland Resort

The Company owns a 48% interest in Hong Kong Disneyland Resort through Hongkong International Theme Parks Limited, an entity in which the Government of the Hong Kong Special Administrative Region (HKSAR) owns a 52% majority interest. The resort is located on 310 acres on Lantau Island and is in close proximity to the Hong Kong International Airport. Hong Kong Disneyland Resort includes one theme park and two themed hotels. A separate Hong Kong subsidiary of the Company is responsible for managing Hong Kong Disneyland Resort. The Company is entitled to receive royalties and management fees based on the operating performance of Hong Kong Disneyland Resort.

Hong Kong Disneyland – Hong Kong Disneyland opened in 2005 and consists of seven themed lands and areas: Adventureland, Fantasyland, Grizzly Gulch, Main Street USA, Tomorrowland, Toy Story Land and Mystic Point, which opened in May 2013. These areas feature themed rides and attractions, shows, restaurants, merchandise shops and refreshment stands. Additionally, there are daily parades and a nighttime fireworks extravaganza. In October 2013, Hong Kong Disneyland Resort announced it will open a new themed area at the park based on Marvel's Iron Man franchise in late 2016.

Hotels – Hong Kong Disneyland Resort includes two themed hotels with a total of 1,000 rooms.

Shanghai Disney Resort

In fiscal 2011, the Company and Shanghai Shendi (Group) Co., Ltd (Shendi) received Chinese central government approval of an agreement to build and operate a Disney resort (Shanghai Disney Resort) in the Pudong district of Shanghai at a planned investment of approximately 29 billion yuan. The Shanghai Disney Resort will be located on roughly 1,000 acres and will include the Shanghai Disneyland theme park; two themed hotels with a total of 1,220 rooms; a retail, dining and entertainment complex; and an outdoor recreational area. Shanghai Disney Resort is currently targeted to open by the end of calendar 2015. The land at Shanghai Disney Resort has capacity for future expansion.

Construction on the project commenced in April 2011. The resort is owned by a joint venture in which Shendi owns 57% and the Company owns 43%, and the investment amounts will be funded in accordance with each partner's equity ownership percentage. An additional joint venture management company, in which Disney has a 70% interest and Shendi a 30% interest, is responsible for creating, constructing and operating the resort. The management company will be entitled to receive management fees based on operating performance of the resort. Shanghai Disney Resort will also pay the Company royalties based on resort revenues.

Tokyo Disney Resort

Tokyo Disney Resort is located on approximately 494 acres of land, six miles east of downtown Tokyo, Japan. The resort includes two theme parks (Tokyo Disneyland and Tokyo DisneySea); three Disney-branded hotels; six independently operated hotels; and a retail, dining and entertainment complex.

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Tokyo Disneyland — Tokyo Disneyland, which opened in 1983, was the first Disney theme park to open outside the U.S. Tokyo Disneyland consists of seven principal themed areas: Adventureland, Critter Country, Fantasyland, Tomorrowland, Toontown, Westernland and World Bazaar.

Tokyo DisneySea — Tokyo DisneySea, adjacent to Tokyo Disneyland, opened in 2001. The park is divided into seven "ports of call," including American Waterfront, Arabian Coast, Lost River Delta, Mediterranean Harbor, Mermaid Lagoon, Mysterious Island and Port Discovery.

Hotels and Other Resort Facilities — The resort includes three Disney-branded hotels with a total of more than 1,700 rooms. The resort also includes the Disney Resort Line monorail, which links the theme parks and resort hotels with Ikspiari, a retail, dining and entertainment complex, and Bon Voyage, a Disney-themed merchandise location.

The Company earns royalties on revenues generated by the Tokyo Disney Resort, which is owned and operated by Oriental Land Co., Ltd. (OLC), a Japanese corporation in which the Company has no equity interest. OLC markets the Tokyo Disney Resort through a variety of local, domestic and international advertising and promotional activities.

Disney Vacation Club

The Disney Vacation Club (DVC) offers ownership interests in 12 resort facilities located at the Walt Disney World Resort; Disneyland Resort; Vero Beach, Florida; Hilton Head Island, South Carolina; and Oahu, Hawaii. Available units at each facility are offered for sale under a vacation ownership plan and are operated as hotel rooms when not occupied by vacation club members. The Company's vacation club units consist of a mix of units ranging from one bedroom studios to three bedroom villas. Unit counts in this document are presented in terms of two bedroom equivalents. DVC had 3,541 vacation club units as of September 28, 2013. In October 2013, DVC opened an additional 106 units at The Villas at Disney's Grand Floridian Resort & Spa in Orlando. In September 2013, the Company announced plans to open a new vacation club property at Disney's Polynesian Resort at the Walt Disney World Resort in 2015.

Disney Cruise Line

Disney Cruise Line (DCL) is a four-ship vacation cruise line, which operates out of ports in North America and Europe. The Disney Magic and the Disney Wonder are 85,000-ton 877 stateroom ships, which launched in 1998 and 1999, respectively. The Disney Dream and the Disney Fantasy are 130,000-ton 1,250 stateroom ships, which launched in January 2011 and March 2012, respectively. DCL caters to families, children, teenagers and adults, with distinctly-themed areas and activities for each group. Many cruise vacations include a visit to Disney's Castaway Cay, a 1,000-acre private Bahamian island.

Adventures by Disney

Adventures by Disney offers all-inclusive guided vacation tour packages predominantly at non-Disney sites around the world. The Company offered 26 different excursion packages during 2013.

Walt Disney Imagineering

Walt Disney Imagineering provides master planning, real estate development, attraction, entertainment and show design, engineering support, production support, project management and other development services, including research and development for the Company's Parks and Resorts operations.

Competition and Seasonality

The Company's theme parks and resorts as well as Disney Cruise Line and Disney Vacation Club compete with other forms of entertainment, lodging, tourism and recreational activities. The profitability of the leisure-time industry may be influenced by various factors that are not directly controllable, such as economic conditions including business cycle and exchange rate fluctuations, travel industry trends, amount of available leisure time, oil and transportation prices, and weather patterns and natural disasters.

All of the theme parks and the associated resort facilities are operated on a year-round basis. Typically, the theme parks and resorts business experiences fluctuations in theme park attendance and resort occupancy resulting from the seasonal nature of vacation travel and local entertainment excursions. Peak attendance and resort occupancy generally occur during the summer months when school vacations occur and during early-winter and spring-holiday periods.

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STUDIO ENTERTAINMENT

The Studio Entertainment segment produces and acquires live-action and animated motion pictures, direct-to-video content, musical recordings and live stage plays.

The businesses in the Studio Entertainment segment generate revenue from the distribution of films in the theatrical, home entertainment and television markets. Significant operating expenses include film cost amortization, which consists of production cost and participations and residuals expense amortization, distribution expenses and costs of sales.

The Company distributes produced and acquired films (including its film and television library) in the theatrical, home entertainment and television markets primarily under the Walt Disney Pictures, Pixar, Marvel, Touchstone and Lucasfilm banners. The Company produces and distributes Indian movies worldwide through its UTV banner.

In August 2009, the Company entered into an agreement with DreamWorks Studios (DreamWorks) to distribute live-action motion pictures produced by DreamWorks for seven years under the Touchstone Pictures banner for which the Company receives a distribution fee. Under this agreement, the Company has distributed eight films to date. As part of the agreement, the Company provided financing to DreamWorks, which as of September 28, 2013, totaled $156 million. There is an additional $90 million available to DreamWorks.

Prior to the Company’s acquisition of Marvel in fiscal 2010, Marvel had agreements in place for third-party studios to distribute Marvel produced films including Iron Man, Iron Man 2, Iron Man 3, The Avengers, Thor, Captain America: The First Avenger and The Incredible Hulk. Under these arrangements, Marvel incurred the cost to produce the films and pays the third-party studio a distribution fee. In fiscal 2011, prior to their theatrical release, the Company purchased the distribution rights for The Avengers and Iron Man 3 from a third-party studio and agreed to pay fees to that studio based on the performance of those films, subject to a minimum guarantee. In fiscal 2013, the Company purchased the remaining distribution rights for Iron Man, Iron Man 2, Thor and Captain America: The First Avenger, which have all been released. Going forward, the Company will distribute all Marvel produced films with the exception of The Incredible Hulk.

Also prior to the Company’s acquisition of Marvel, Marvel had licensed the rights to third-party studios to produce and distribute feature films based on certain Marvel properties including Spider-Man, The Fantastic Four and X-Men. Under these licensing arrangements, the third-party studio incurs the cost to produce and distribute the films and pays the Company a licensing fee. Generally under these arrangements, Marvel retains the merchandise licensing rights and pays the third-party studio a royalty. During fiscal 2011, the Company purchased Sony Pictures’ participation in Spider-Man merchandising, while at the same time, Sony Pictures purchased the Company's participation in Spider-Man films. This transaction will allow the Company to control and fully benefit from all Spider-Man merchandising activity, while Sony Pictures will continue to produce and distribute Spider-Man films.

The Company holds over a 99% interest in UTV, one of the leading film production studios and film distributors in India. UTV produces and co-produces live-action and animated films.

In fiscal 2011 the Company sold Miramax Film NY, LLC (Miramax) for $663 million. Net proceeds, which reflected closing adjustments, the settlement of related claims and obligations and Miramax’s cash balances at closing, totaled $532 million. The sale included both Miramax and Dimension film assets.

Prior to the Company’s acquisition, Lucasfilm produced six Star Wars films (Episodes 1 through 6). Lucasfilm retained the rights to consumer products related to all of the films and the rights related to television and electronic distribution formats for all of the films, with the exception of the rights for Episode 4, which are owned by a third-party studio. All of the films are distributed by a third-party studio in the theatrical and home video markets. The theatrical and home video distribution rights for these films revert back to Lucasfilm in May 2020 with the exception of Episode 4, for which these distribution rights are retained in perpetuity by the third-party studio. Lucasfilm also includes Industrial Light & Magic and Skywalker Sound, which provide visual and audio effects and other post-production services to the Company and third-party producers.

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Theatrical Market

We produce and distribute both live-action films and full-length animated films. During fiscal 2014, we expect to distribute domestically ten of our own produced feature films and four DreamWorks films. As of September 28, 2013, the Company had released domestically approximately 984 full-length live-action features and 95 full-length animated features.

In the domestic theatrical market, we generally distribute and market our filmed products directly. In most major international markets, we distribute our filmed products directly while in other markets our films are distributed by independent distribution companies or joint ventures.

The Company incurs significant marketing and advertising costs before and throughout the theatrical release of a film in an effort to generate public awareness of the film, to increase the public's intent to view the film and to help generate consumer interest in the subsequent home entertainment and other ancillary markets. These costs are expensed as incurred. Therefore, we typically incur losses on a film in the theatrical markets, including in periods prior to the theatrical release of the film.

Home Entertainment Market

In the domestic market, we distribute home entertainment releases directly under each of our motion picture banners. In the international market, we distribute home entertainment releases under each of our motion picture banners both directly and through independent distribution companies. In addition, we acquire and produce original content for direct-to-video release.

Domestic and international home entertainment distribution typically starts three to six months after the theatrical release in each market. Home entertainment releases may be distributed in both physical (DVD and Blu-ray) and electronic formats. Titles are generally sold to retailers, such as Wal-Mart and Best Buy and physical rental channels, such as Netflix; however, the rental channels may be delayed up to 28 days after the start of home entertainment distribution.

As of September 28, 2013, we had approximately 1,400 active produced and acquired titles, including 1,000 live-action titles and 400 animated titles, in the domestic home entertainment marketplace and approximately 2,700 active produced and acquired titles, including 2,200 live-action titles and 500 animated titles, in the international marketplace.

Television Market

Pay-Per-View (PPV)/Video-on-Demand (VOD): Concurrently with, or up to one month after, home entertainment distribution begins, we license titles to PPV/VOD service providers (typically MVPDs) for electronic delivery to consumers for a specified rental period (e.g. 24 hours) at a price comparable to that of physical media rentals.

Pay Television (Pay 1): There are generally three pay television windows. The first window is generally eighteen months in duration and follows the PPV/VOD window. The Company has licensed exclusive domestic pay television rights to substantially all films released under the Walt Disney Pictures, Pixar and Touchstone Pictures banners to the Starz pay television service through calendar year 2015. DreamWorks titles distributed by the Company are licensed to Showtime under a separate agreement.

Free Television (Free 1): The Pay 1 window is followed by a television window that may last up to 84 months. Motion pictures are usually sold in the Free 1 window to major broadcast networks, including ABC, and basic cable services.

Pay Television 2 (Pay 2) and Free Television 2 (Free 2): In the U.S., Free 1 is generally followed by a twelve-month Pay 2 window under our license arrangements with Starz and Showtime, and then by a Free 2 window that generally lasts up to 84 months. Packages of the Company's feature films have been licensed for broadcast under multi-year agreements within the Free 2 window. The Free 2 window is a syndication window where films are licensed both to basic cable networks, subscription video on demand (SVOD) services and to third-party television station groups.

Pay Television 3 (Pay 3) and Free Television 3 (Free 3): In the U.S., Free 2 is generally followed by a seven-month Pay 3 window under our license arrangements with Starz and Showtime, and then by a Free 3 window. Packages of the Company's feature films have been licensed for broadcast under multi-year agreements within the Free 3 window. The Free 3 window is a syndication window where films are licensed to basic cable networks and SVOD services.

Following the conclusion of Starz's exclusive domestic pay television rights at the end of calendar year 2015, Netflix will have exclusive domestic pay television rights for the Pay 1 and Pay 2 windows through calendar year 2018.
International Television: The Company also licenses its theatrical properties outside of the U.S. The typical windowing sequence is consistent with the domestic cycle such that titles premiere on television in PPV/VOD then air in pay TV before

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airing in free TV. Windowing strategies are developed in response to local market practices and conditions, and the exact sequence and length of each window can vary country by country.

Disney Music Group

The Disney Music Group includes Walt Disney Records, Hollywood Records, Disney Music Publishing and Buena Vista Concerts.

Walt Disney Records and Hollywood Records develop, produce, market and distribute recorded music in the U.S. and license our music properties throughout the rest of the world. Walt Disney Records categories include infant, children's read-along, teen, all-family and soundtracks from film and television properties distributed by Walt Disney Pictures and Disney Channel. Hollywood Records develops musical talent and produces and markets their recordings across a spectrum of music genres.

The Disney Music Group commissions new music for the Company's motion pictures and television programs, records the songs and licenses the song and recording copyrights to others for printed music, records, audio-visual devices, public performances and digital distribution. Buena Vista Concerts produces live-entertainment events with artists signed to the Disney Music Group record labels.

Disney Music Publishing controls the copyrights of thousands of musical compositions derived from the Company's motion picture, television and theme park properties as well as musical compositions written by songwriters under exclusive contract. It is responsible for the management, protection and licensing of the Disney song catalog on a worldwide basis.

Disney Theatrical Productions

Disney Theatrical Productions develops, produces and licenses live entertainment events. The Company has produced and licensed Broadway musicals around the world, including Beauty and the Beast, The Lion King, Elton John & Tim Rice's Aida, TARZAN®, Mary Poppins (a co-production with Cameron Mackintosh Ltd), The Little Mermaid and Newsies. Other stage musical ventures have included an off-Broadway production of Peter and the Starcatcher and a regional theatre production of The Jungle Book. A new musical, Aladdin, will open in Toronto in fall 2013. In addition, the Company licenses musicals for local, school and community theatre productions globally through Music Theatre International.

Disney Theatrical Productions also delivers live shows globally through its license to Feld Entertainment, the producer of Disney On Ice and Disney Live!. Feld's newest production, Disney Junior on Tour: Pirate and Princess Adventure, launched in July 2013 for a North America tour.

Competition and Seasonality

The Studio Entertainment businesses compete with all forms of entertainment. A significant number of companies produce and/or distribute theatrical and television films, exploit products in the home entertainment market, provide pay television programming services and sponsor live theater. We also compete to obtain creative and performing talents, story properties, advertiser support and broadcast rights that are essential to the success of our Studio Entertainment businesses.

The success of Studio Entertainment operations is heavily dependent upon public taste and preferences. In addition, Studio Entertainment operating results fluctuate due to the timing and performance of releases in the theatrical, home entertainment and television markets. Release dates are determined by several factors, including competition and the timing of vacation and holiday periods.

CONSUMER PRODUCTS

The Consumer Products segment engages with licensees, publishers and retailers throughout the world to design, develop, publish, promote and sell a wide variety of products based on the Company's intellectual property through its Merchandise Licensing, Publishing and Retail businesses. In addition to leveraging the Company's film and television properties, Consumer Products also develops its own intellectual property, which can be used across the Company's businesses.

The businesses in the Consumer Products segment generate royalty revenue by licensing characters from our film, television and other properties to third parties for use on consumer merchandise, wholesale revenue from publishing children's books and magazines and comic books, sales of merchandise at our retail stores, fees charged at our English language learning centers and sales of merchandise at internet shopping sites. Significant costs include costs of goods sold and distribution expenses, operating labor and retail occupancy costs.

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Merchandise Licensing

The Company’s merchandise licensing operations cover a diverse range of product categories, the most significant of which are: toys, apparel, home décor and furnishings, stationery, health and beauty, food, footwear and consumer electronics. The Company licenses characters from its film, television and other properties for use on third-party products in these categories and earns royalties, which are usually based on a fixed percentage of the wholesale or retail selling price of the products. Some of the major properties licensed by the Company include: Mickey and Minnie; the Marvel properties including Spider-Man, The Avengers and Iron Man; Disney Princess; Cars; Disney Jr.; Star Wars; Winnie the Pooh; Monsters University; and Toy Story. The Company also participates in the design of individual products and creates exclusive themed and seasonal promotional campaigns for retailers based on the Company's characters, movies and TV shows.

Publishing

Disney Publishing Worldwide (DPW) creates, distributes, licenses and publishes children’s book, magazine and learning products in print and digital formats in multiple countries and languages based on the Company’s branded franchises. DPW also operates Disney English, which develops and delivers an English language learning curriculum for Chinese children using Disney content in 44 centers across 11 cities in China.

Marvel Publishing creates and publishes comic books, and graphic novel collections of comic books, principally in North America in print and digital formats. Marvel Publishing also licenses the right to publish translated versions of these comic books, principally in Europe and Latin America. Titles include The Avengers, X-Men, Spider-Man, Iron Man and Wolverine.

Retail

The Company markets Disney- and Marvel-themed products through retail stores operated under the Disney Store name and through internet sites in North America (DisneyStore.com and MarvelStore.com), Western Europe and Japan. Commencing in fiscal 2014, we will also market Lucasfilm themed merchandise. The stores, which are generally located in leading shopping malls and other retail complexes, carry a wide variety of Disney merchandise and promote other businesses of the Company. The Company currently owns and operates 214 stores in North America, 88 stores in Europe and 46 stores in Japan. The Company also offers merchandise that it designs and develops under wholesale arrangements.

Competition and Seasonality

The Company’s merchandise licensing, publishing and retail businesses compete with other licensors, publishers and retailers of character, brand and celebrity names. Based on independent surveys, we believe the Company is the largest worldwide licensor of character-based merchandise based on retail sales. Operating results for the licensing and retail businesses are influenced by seasonal consumer purchasing behavior, consumer preferences, levels of marketing and promotion and by the timing and performance of theatrical releases and cable programming broadcasts.

INTERACTIVE

The Interactive segment creates and delivers branded entertainment and lifestyle content across interactive media platforms. The primary operating businesses of Interactive are Interactive Games, which produces multi-platform games for global distribution, and Interactive Media, which develops branded online services.

The businesses in the Interactive segment generate revenue from the sale of multi-platform console games, subscriptions to and micro transactions for online and mobile games, content and handset revenue from our Disney branded mobile phone business in Japan, and online advertising and sponsorships. We also generate fees from licensing our properties to third-party game publishers. Significant costs include cost of goods sold and distribution expenses and product development.

Interactive Games

Interactive Games develops console, mobile, social and virtual world games, which are marketed and distributed on a worldwide basis. Console game releases in fiscal 2013 included Disney Infinity and Epic Mickey 2. Disney Infinity delivers Disney content and features a game world, which combines physical toys and story-driven gameplay where a variety of Disney stories and characters can exist and interact. The Company's principal virtual world game is Disney’s Club Penguin. Other online games include games for social networking websites such as Marvel Avengers Alliance and Gardens of Time, and games for smartphones such as Where's My Water. Certain properties are also licensed to third-party video game publishers. The Japan Mobile business licenses Disney-branded phones, content and games to mobile carriers in Japan.

Interactive Media

Interactive Media develops, publishes and distributes interactive family content through a portfolio of platforms including Disney.com, Disney on YouTube and Babble.com and develops and publishes apps for moms and families. Interactive Media also provides website maintenance and design for other Company businesses.

Competition and Seasonality

The Company's online sites and products compete with a wide variety of other online sites and products. The Company's video game business competes primarily with other publishers of video game software and other types of home entertainment. Operating results for the video game business fluctuate due to the timing and performance of video game releases, which are determined by several factors including theatrical releases and cable programming broadcasts, competition and the timing of holiday periods. Revenues from certain of the Company's online and mobile operations are subject to similar seasonal trends.

INTELLECTUAL PROPERTY PROTECTION

The Company's businesses throughout the world are affected by its ability to exploit and protect against infringement of its intellectual property, including trademarks, trade names, copyrights, patents and trade secrets. Important intellectual property includes rights in the content of motion pictures, television programs, electronic games, sound recordings, character likenesses, theme park attractions, books and magazines. Risks related to the protection and exploitation of intellectual property rights are set forth in Item 1A – Risk Factors.

AVAILABLE INFORMATION

Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports are available without charge on our website, www.disney.com/investors, as soon as reasonably practicable after they are filed electronically with the Securities and Exchange Commission (SEC). We are providing the address to our internet site solely for the information of investors. We do not intend the address to be an active link or to otherwise incorporate the contents of the website into this report.

ITEM 1A. Risk Factors

For an enterprise as large and complex as the Company, a wide range of factors could materially affect future developments and performance. In addition to the factors affecting specific business operations identified in connection with the description of these operations and the financial results of these operations elsewhere in this report, the most significant factors affecting our operations include the following:

Changes in U.S., global, or regional economic conditions could have an adverse effect on the profitability of some or all of our businesses.

A decline in economic activity in the U.S. and other regions of the world in which we do business can adversely affect demand for any of our businesses, thus reducing our revenue and earnings. The most recent decline in economic conditions reduced spending at our parks and resorts, purchase of and prices for advertising on our broadcast and cable networks and owned stations, performance of our home entertainment releases, and purchases of Company-branded consumer products, and similar impacts can be expected should such conditions recur. A decline in economic conditions could also reduce attendance at our parks and resorts or prices that MVPDs pay for our cable programming. Recent instability in European economies presents

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risks of similar impacts in our European operations. Economic conditions can also impair the ability of those with whom we do business to satisfy their obligations to us. In addition, an increase in price levels generally, or in price levels in a particular sector such as the energy sector, could result in a shift in consumer demand away from the entertainment and consumer products we offer, which could also adversely affect our revenues and, at the same time, increase our costs. Changes in exchange rates for foreign currencies may reduce international demand for our products, increase our labor or supply costs in non-U.S. markets, or reduce the U.S. dollar value of revenue we receive from other markets, and economic or political conditions in a country could reduce our ability to hedge exposure to currency fluctuations in the country or our ability to repatriate revenue from the country.

Changes in public and consumer tastes and preferences for entertainment and consumer products could reduce demand for our entertainment offerings and products and adversely affect the profitability of any of our businesses.

Our businesses create entertainment, travel or consumer products whose success depends substantially on consumer tastes and preferences that change in often unpredictable ways. The success of our businesses depends on our ability to consistently create and distribute filmed entertainment, broadcast and cable programming, online material, electronic games, theme park attractions, hotels and other resort facilities and travel experiences and consumer products that meet the changing preferences of the broad consumer market and respond to competition from an expanding array of choices facilitated by technological developments in the delivery of content. Many of our businesses increasingly depend on acceptance of our offerings and products by consumers outside the U.S., and their success therefore depends on our ability to successfully predict and adapt to changing consumer tastes and preferences outside as well as inside the U.S. Moreover, we must often invest substantial amounts in film production, broadcast and cable programming, electronic games, theme park attractions, cruise ships or hotels and other resort facilities before we learn the extent to which these products will earn consumer acceptance. If our entertainment offerings and products do not achieve sufficient consumer acceptance, our revenue from advertising sales (which are based in part on ratings for the programs in which advertisements air) or subscription fees for broadcast and cable programming and online services, from theatrical film receipts or home video or electronic game sales, from theme park admissions, hotel room charges and merchandise, food and beverage sales, from sales of licensed consumer products or from sales of our other consumer products and services may decline or fail to grow to the extent we anticipate when making investment decisions and thereby adversely affect the profitability of one or more of our businesses.

Changes in technology and in consumer consumption patterns may affect demand for our entertainment products, the revenue we can generate from these products or the cost of producing or distributing products.

The media entertainment and internet businesses in which we participate depend significantly on our ability to acquire, develop, adopt and exploit new technologies to distinguish our products and services from those of our competitors. In addition, new technologies affect the demand for our products, the manner and markets in which our products are distributed to consumers, the sources of competing television and filmed entertainment, the time and manner in which consumers acquire and view some of our entertainment products and the options available to advertisers for reaching their desired markets. For example, the success of our offerings in the home entertainment market depends in part on consumer preferences with respect to home entertainment formats. These formats include web-based delivery of live and stored video entertainment, DVD players and digital video recorders, as well as the availability of alternative home entertainment offerings and technologies. Such technologies may provide users the ability to fast-forward, rewind, pause and skip programming and advertisements. In addition, technological developments offer consumers an expanding array of entertainment options and delivery vehicles, which fragments the market for our products. These developments have also led to an industry wide decline in ratings for broadcast television and to a reduction in demand for DVDs of theatrical content and may disrupt traditional distribution models by enabling content owners to provide content directly to distributors and consumers, which could lead to decreased demand for content distributed on our broadcast or cable networks. In order to respond to these developments, we may be required to alter our business models and there can be no assurance that we will successfully respond to these changes or that the business models we develop in response to these changes will be as profitable as our current business models. As a result, the income from our entertainment offerings may decline or increase at slower rates than our historical experience or our expectations when we make investments in products.

The success of our businesses is highly dependent on the existence and maintenance of intellectual property rights in the entertainment products and services we create.

The value to us of our intellectual property rights is dependent on the scope and duration of our rights as defined by applicable laws in the U.S. and abroad and the manner in which those laws are construed. If those laws are drafted or interpreted in ways that limit the extent or duration of our rights, or if existing laws are changed, our ability to generate revenue from our intellectual property may decrease, or the cost of obtaining and maintaining rights may increase.

The unauthorized use of our intellectual property rights may increase the cost of protecting these rights or reduce our revenues. New technologies such as the convergence of computing, communication, and entertainment devices, the falling prices of devices incorporating such technologies, increased broadband internet speed and penetration and increased availability and speed of mobile data transmission have made the unauthorized digital copying and distribution of our films, television productions and other creative works easier and faster and enforcement of intellectual property rights more challenging. The unauthorized use of intellectual property in the entertainment industry generally continues to be a significant challenge for intellectual property rights holders. Inadequate laws or weak enforcement mechanisms to protect intellectual property in one country can adversely affect the results of the Company's operations worldwide, despite the Company's efforts to protect its intellectual property rights. These developments require us to devote substantial resources to protecting our intellectual property against unlicensed use and present the risk of increased losses of revenue as a result of unlicensed digital distribution of our content and sales of unauthorized DVDs, Blu-ray discs and other products.

With respect to intellectual property developed by the Company and rights acquired by the Company from others, the Company is subject to the risk of challenges to our copyright, trademark and patent rights by third parties. Successful challenges to our rights in intellectual property may result in increased costs for obtaining rights or the loss of the opportunity to earn revenue from the intellectual property that is the subject of challenged rights. The Company is not aware of any challenges to its intellectual property rights that it currently foresees having a material effect on its operations.

Protection of electronically stored data is costly and if our data is compromised in spite of this protection, we may incur additional costs, lost opportunities and damage to our reputation.

We maintain information necessary to conduct our business, including confidential and proprietary information as well as personal information regarding our customers and employees, in digital form. Data maintained in digital form is subject to the risk of intrusion, tampering and theft. We develop and maintain systems to prevent this from occurring, but the development and maintenance of these systems is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated. Moreover, despite our efforts, the possibility of intrusion, tampering and theft cannot be eliminated entirely, and risks associated with each of these remain. In addition, we provide confidential, proprietary and personal information to third parties when it is necessary to pursue business objectives. While we obtain assurances that these third parties will protect this information and, where appropriate, monitor the protections employed by these third parties, there is a risk the confidentiality of data held by third parties may be compromised. If our data systems are compromised, our ability to conduct our business may be impaired, we may lose profitable opportunities or the value of those opportunities may be diminished and, as described above, we may lose revenue as a result of unlicensed use of our intellectual property. If personal information of our customers or employees is misappropriated, our reputation with our customers and employees may be injured resulting in loss of business or morale, and we may incur costs to remediate possible injury to our customers and employees or to pay fines or take other action with respect to judicial or regulatory actions arising out of the incident.

A variety of uncontrollable events may reduce demand for our products and services, impair our ability to provide our products and services or increase the cost of providing our products and services.

Demand for our products and services, particularly our theme parks and resorts, is highly dependent on the general environment for travel and tourism. The environment for travel and tourism, as well as demand for other entertainment products, can be significantly adversely affected in the U.S., globally or in specific regions as a result of a variety of factors beyond our control, including: adverse weather conditions arising from short-term weather patterns or long-term change, catastrophic events or natural disasters (such as excessive heat or rain, hurricanes, typhoons, floods, tsunamis and earthquakes); health concerns; international, political or military developments; and terrorist attacks. For example, the earthquake and tsunami in Japan in March 2011 resulted in a period of suspension of our operations and those of certain of our licensees in Japan, including Tokyo Disney Resort and resulted in a loss of revenue from those operations. These events and others, such as fluctuations in travel and energy costs and computer virus attacks, intrusions or other widespread computing or telecommunications failures, may also damage our ability to provide our products and services or to obtain insurance coverage with respect to these events. In addition, we derive royalties from the sales of our licensed goods and services by third parties and the management of businesses operated under brands licensed from the Company, and we are therefore dependent on the successes of those third parties for that portion of our revenue. A wide variety of factors could influence the success of those third parties and if negative factors significantly impacted a sufficient number of our licensees, that could adversely affect the profitability of one or more of our businesses. We obtain insurance against the risk of losses relating to some of these events, generally including physical damage to our property and resulting business interruption, certain injuries occurring on our property and liability for alleged breach of legal responsibilities. When insurance is obtained it is subject to deductibles, exclusions, terms, conditions and limits of liability. The types and levels of coverage we obtain vary from time to time depending on our view of the likelihood of specific types and levels of loss in relation to the cost of obtaining coverage for such types and levels of loss.

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Changes in our business strategy or restructuring of our businesses may increase our costs or otherwise affect the profitability of our businesses.

As changes in our business environment occur we may need to adjust our business strategies to meet these changes or we may otherwise find it necessary to restructure our operations or particular businesses or assets. In addition, external events including acceptance of our theatrical offerings and changes in macroeconomic conditions may impair the value of our assets. When these changes or events occur, we may incur costs to change our business strategy and may need to write down the value of assets. We also make investments in existing or new businesses, including investments in international expansion of our business and in new business lines. In recent years, such investments have included expansion and repurposing of certain of our theme park attractions and participation in a joint venture that is constructing a theme park in Shanghai, China. Some of these investments may have short-term returns that are negative or low and the ultimate business prospects of the businesses may be uncertain. In any of these events, our costs may increase, we may have significant charges associated with the write-down of assets or returns on new investments may be lower than prior to the change in strategy or restructuring.

Turmoil in the financial markets could increase our cost of borrowing and impede access to or increase the cost of financing our operations and investments.

Past disruptions in the U.S. and global credit and equity markets made it difficult for many businesses to obtain financing on acceptable terms. These conditions tended to increase the cost of borrowing and if they recur, our cost of borrowing could increase and it may be more difficult to obtain financing for our operations or investments. In addition, our borrowing costs can be affected by short- and long-term debt ratings assigned by independent rating agencies that are based, in significant part, on the Company's performance as measured by credit metrics such as interest coverage and leverage ratios. A decrease in these ratings would likely increase our cost of borrowing and/or make it more difficult for us to obtain financing. Past disruptions in the global financial markets also impacted some of the financial institutions with which we do business. A similar decline in the financial stability of financial institutions could affect our ability to secure credit-worthy counterparties for our interest rate and foreign currency hedging programs and could affect our ability to settle existing contracts.

Increased competitive pressures may reduce our revenues or increase our costs.

We face substantial competition in each of our businesses from alternative providers of the products and services we offer and from other forms of entertainment, lodging, tourism and recreational activities. We also must compete to obtain human resources, programming and other resources we require in operating our business. For example:

- Our broadcast and cable networks, stations and online offerings compete for viewers with other broadcast, cable and satellite services as well as with home video products and internet usage.
- Our broadcast and cable networks and stations compete for the sale of advertising time with other broadcast, cable and satellite services, and the internet, as well as with newspapers, magazines and billboards.
- Our cable networks compete for carriage of their programming with other programming providers.
- Our broadcast and cable networks compete for the acquisition of creative talent and sports and other programming with other broadcast and cable networks.
- Our theme parks and resorts compete for guests with all other forms of entertainment, lodging, tourism and recreation activities.
- Our studio operations compete for customers with all other forms of entertainment.
- Our studio operations, broadcast and cable networks and publishing businesses compete to obtain creative and performing talent, story properties, advertiser support, broadcast rights and market share.
- Our consumer products segment competes in the character merchandising and other licensing, publishing, and retail activities with other licensors, publishers and retailers of character, brand and celebrity names.
- Our interactive game operations compete with other publishers of console, online and mobile games and other types of home entertainment.

Competition in each of these areas may divert consumers from our creative or other products, or to other products or other forms of entertainment, which could reduce our revenue or increase our marketing costs. Such competition may also reduce, or limit growth in, prices for our products and services, including advertising rates and subscription fees at our media networks, parks and resorts admissions and room rates, and prices for consumer products from which we derive license revenues. Competition for the acquisition of resources can increase the cost of producing our products and services.

Sustained increases in costs of pension and postretirement medical and other employee health and welfare benefits may reduce our profitability.

With approximately 175,000 employees, our profitability is substantially affected by costs of pension benefits and current and postretirement medical benefits. We may experience significant increases in these costs as a result of macro-economic

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factors, which are beyond our control, including increases in the cost of health care. In addition, changes in investment returns and discount rates used to calculate pension expense and related assets and liabilities can be volatile and may have an unfavorable impact on our costs in some years. These macroeconomic factors as well as a decline in the fair value of pension and postretirement medical plan assets may put upward pressure on the cost of providing pension and postretirement medical benefits and may increase future funding contributions. Although we have actively sought to control increases in these costs, there can be no assurance that we will succeed in limiting cost increases, and continued upward pressure could reduce the profitability of our businesses.

Our results may be adversely affected if long-term programming or carriage contracts are not renewed on sufficiently favorable terms.

We enter into long-term contracts for both the acquisition and the distribution of media programming and products, including contracts for the acquisition of programming rights for sporting events and other programs, and contracts for the distribution of our programming to MVPDs. As these contracts expire, we must renew or renegotiate the contracts, and if we are unable to renew them on acceptable terms, we may lose programming rights or distribution rights. Even if these contracts are renewed, the cost of obtaining programming rights may increase (or increase at faster rates than our historical experience) or the terms on which we distribute programming (including the breadth of distribution by a carrier) may reduce revenue from distribution of programs (or increase revenue at slower rates than our historical experience). With respect to the acquisition of programming rights, particularly sports programming rights, the impact of these long-term contracts on our results over the term of the contracts depends on a number of factors, including the strength of advertising markets, effectiveness of marketing efforts and the size of viewer audiences. There can be no assurance that revenues from programming based on these rights will exceed the cost of the rights plus the other costs of producing and distributing the programming.

Changes in regulations applicable to our businesses may impair the profitability of our businesses.

Our broadcast networks and television stations are highly regulated, and each of our other businesses is subject to a variety of U.S. and overseas regulations. These regulations include:

- U.S. FCC regulation of our television and radio networks, our national programming networks, and our owned television stations. See Item 1 — Business — Media Networks, Federal Regulation.
- Environmental protection regulations.
- Federal, state and foreign privacy and data protection laws and regulations.
- Regulation of the safety of consumer products and theme park operations.
- Imposition by foreign countries of trade restrictions, ownership restrictions, currency exchange controls or motion picture or television content requirements or quotas.
- Domestic and international tax laws or currency controls.

Changes in any of these regulations or regulatory activities in any of these areas may require us to spend additional amounts to comply with the regulations, or may restrict our ability to offer products and services that are profitable.

Our operations outside the United States may be adversely affected by the operation of laws in those jurisdictions.

Our operations in non-U.S. jurisdictions are in many cases subject to the laws of the jurisdictions in which they operate rather than U.S. law. Laws in some jurisdictions differ in significant respects from those in the U.S., and these differences can affect our ability to react to changes in our business and our rights or ability to enforce rights may be different than would be expected under U.S. law. Moreover, enforcement of laws in some overseas jurisdictions can be inconsistent and unpredictable, which can affect both our ability to enforce our rights and to undertake activities that we believe are beneficial to our business. In addition, the business and political climate in some jurisdictions may encourage corruption, which could reduce our ability to compete successfully in those jurisdictions while remaining in compliance with local laws or United States anti-corruption laws applicable to our businesses. As a result, our ability to generate revenue and our expenses in non-U.S. jurisdictions may differ from what would be expected if U.S. law governed these operations.

Labor disputes may disrupt our operations and adversely affect the profitability of any of our businesses.

A significant number of employees in various of our businesses are covered by collective bargaining agreements, including employees of our theme parks and resorts as well as writers, directors, actors, production personnel and others employed in our media networks and studio operations. In addition, the employees of licensees who manufacture and retailers who sell our consumer products, and employees of providers of programming content (such as sports leagues) may be covered by labor agreements with their employers. In general, a labor dispute involving our employees or the employees of our licensees or retailers who sell our consumer products or providers of programming content may disrupt our operations and reduce our revenues, and resolution of disputes may increase our costs.

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Provisions in our corporate documents and Delaware state law could delay or prevent a change of control.
Our Restated Certificate of Incorporation contains a provision regulating the ability of shareholders to bring matters for action before annual and special meetings and authorizes our Board of Directors to issue and set the terms of preferred stock. The regulations on shareholder action could make it more difficult for any person seeking to acquire control of the Company to obtain shareholder approval of actions that would support this effort. The issuance of preferred stock could effectively dilute the interests of any person seeking control or otherwise make it more difficult to obtain control. In addition, provisions in our Restated Certificate of Incorporation require supermajority shareholder approval of some acquisition transactions and we are subject to the anti-takeover provisions of the Delaware General Corporation Law, either of which could have the effect of delaying or preventing a change of control in some circumstances.
The seasonality of certain of our businesses could exacerbate negative impacts on our operations.
Each of our businesses is normally subject to seasonal variations, as follows:

- Revenues in our Media Networks segment are subject to seasonal advertising patterns and changes in viewership levels. In general, advertising revenues are somewhat higher during the fall and somewhat lower during the summer months. Affiliate revenues are typically collected ratably throughout the year. Certain affiliate revenues at ESPN are deferred until annual programming commitments are met. These commitments are typically satisfied during the second half of the Company's fiscal year, which generally results in higher revenue recognition during that period.
- Revenues in our Parks and Resorts segment fluctuate with changes in theme park attendance and resort occupancy resulting from the seasonal nature of vacation travel and leisure activities. Peak attendance and resort occupancy generally occur during the summer months when school vacations occur and during early-winter and spring-holiday periods.
- Revenues in our Studio Entertainment segment fluctuate due to the timing and performance of releases in the theatrical, home entertainment, and television markets. Release dates are determined by several factors, including competition and the timing of vacation and holiday periods.
- Revenues in our Consumer Products segment are influenced by seasonal consumer purchasing behavior, which generally results in higher revenues during the Company's first fiscal quarter, and by the timing and performance of theatrical releases and cable programming broadcasts.
- Revenues in our Interactive segment fluctuate due to the timing and performance of video game releases, which are determined by several factors, including theatrical releases and cable programming broadcasts, competition and the timing of holiday periods. Revenues from certain of our internet and mobile operations are subject to similar seasonal trends.

Accordingly, if a short-term negative impact on our business occurs during a time of high seasonal demand (such as hurricane damage to our parks during the summer travel season), the effect could have a disproportionate effect on the results of that business for the year.
The Company's acquisition of Lucasfilm is expected to cause short-term dilution in earnings per share and there can be no assurance that anticipated improvements in earnings per share will be realized.
On December 21, 2012, the Company acquired Lucasfilm Ltd. LLC in a merger transaction in which the Company distributed 37.1 million shares and paid $2.2 billion in cash. We expect that the merger will initially result in lower earnings per share than we would have earned in the absence of the merger. We expect that over time the merger will yield benefits to the combined company such that the merger will ultimately be accretive to earnings per share. However, there can be no assurance that the increase in earnings per share expected in the long term will be achieved. In order to achieve increases in earnings per share as a result of the merger, the combined company will, among other things, need to effectively continue the successful operations of Lucasfilm after the merger, develop successful new content (including future feature films) based on Lucasfilm's intellectual property and successfully integrate Lucasfilm's products into the combined company's various distribution channels.

ITEM 1B. Unresolved Staff Comments

The Company has received no written comments regarding its periodic or current reports from the staff of the SEC that were issued 180 days or more preceding the end of its 2013 fiscal year and that remain unresolved.

ITEM 2. Properties

The Walt Disney World Resort, Disneyland Resort and other properties of the Company and its subsidiaries are described in Item 1 under the caption Parks and Resorts. Film library properties are described in Item 1 under the caption Studio Entertainment. Television stations owned by the Company are described in Item 1 under the caption Media Networks.

The Company and its subsidiaries own and lease properties throughout the world. In addition to the properties noted above, the table below provides a brief description of other significant properties and the related business segment.

Location	Property / Approximate Size	Use	Business Segment[1]
Burbank, CA	Land (52 acres) & Buildings (2,130,000 ft^2)	Owned Office/Production/Warehouse	Corp/Studio/Media/CP/P&R
Burbank, CA & surrounding cities[2]	Buildings (1,260,000 ft^2)	Leased Office/Warehouse (includes 8,000 ft^2 sublet to third-party tenants)	Corp/Studio/Media/CP/ Interactive
Glendale, CA & surrounding cities[2]	Land (150 acres) & Buildings (2,790,000 ft^2)	Owned Office/Warehouse (includes 357,000 ft^2 sublet to third-party tenants)	Corp/Studio/Media/CP/ P&R/Interactive
Glendale, CA	Buildings (210,000 ft^2)	Leased Office/Warehouse	Corp/Media/P&R
Los Angeles, CA	Land (22 acres) & Buildings (600,000 ft^2)	Owned Office/Production/Technical	Media
Los Angeles, CA	Buildings (225,000 ft^2)	Leased/Office/Production/Technical/ Theater (includes 14,000 ft^2 sublet to third-party tenants)	Media/Studio
New York, NY	Land (6.5 acres) & Buildings (1,435,000 ft^2)	Owned Office/Production/Technical	Media/Corp
New York, NY	Buildings (300,000 ft^2)	Leased Office/Production/Theater/Warehouse (includes 23,000 ft^2 sublet to third-party tenants)	Corp/Studio/Media /Interactive
Bristol, CT	Land (117 acres) & Buildings (960,000 ft^2)	Owned Office/Production/Technical	Media
Bristol, CT	Buildings (443,000 ft^2)	Leased Office/Warehouse/Technical	Media
Emeryville, CA		Owned Office/Production/Technical	Studio

	Land (20 acres) & Buildings (430,000 ft^2)		
Emeryville, CA	Buildings (80,000 ft^2)	Leased Office/Storage	Studio
San Francisco, CA	Buildings (550,000 ft^2)	Leased Office/Production/Technical/Theater	Studio/Media/CP/ P&R/Interactive
USA & Canada	Land and Buildings (Multiple sites and sizes)	Owned and Leased Office/ Production/Transmitter/Retail/Theaters/ Warehouse	Corp/Studio/Media/CP/ P&R/Interactive
Hammersmith, England	Building (280,000 ft^2)	Leased Office	Corp/Studio/Media/CP/ P&R/Interactive
Europe, Asia, Australia & Latin America	Buildings (Multiple sites and sizes)	Leased Office/Retail/Warehouse	Corp/Studio/Media/CP/ P&R/Interactive

(1) Corp – Corporate, CP – Consumer Products, P&R – Parks and Resorts
(2) Surrounding cities include North Hollywood, CA and Sun Valley, CA

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ITEM 3. Legal Proceedings

As disclosed in Note 14 to the Consolidated Financial Statements, the Company is engaged in certain legal matters, and the disclosure set forth in Note 14 relating to certain legal matters is incorporated herein by reference.

The Company, together with, in some instances, certain of its directors and officers, is a defendant or codefendant in various other legal actions involving copyright, breach of contract and various other claims incident to the conduct of its businesses. Management does not expect the Company to suffer any material liability by reason of these actions.

ITEM 4. Mine Safety Disclosures
Not applicable.

Executive Officers of the Company
The executive officers of the Company are elected each year at the organizational meeting of the Board of Directors, which follows the annual meeting of the shareholders, and at other Board of Directors meetings, as appropriate. Each of the executive officers has been employed by the Company in the position or positions indicated in the list and pertinent notes below. Each of the executive officers has been employed by the Company for more than five years. At September 28, 2013, the executive officers of the Company were as follows:

Name	Age	Title	Executive Officer Since
Robert A. Iger	62	Chairman and Chief Executive Officer(1)	2000
James A. Rasulo	57	Senior Executive Vice President and Chief Financial Officer(2)	2010
Alan N. Braverman	65	Senior Executive Vice President, General Counsel and Secretary	2003
Kevin A. Mayer	51	Executive Vice President, Corporate Strategy and Business Development	2005
Christine M. McCarthy	58	Executive Vice President, Corporate Real Estate, Alliances and Treasurer	2005
Mary Jayne Parker	52	Executive Vice President and Chief Human Resources Officer(3)	2009

(1) Mr. Iger was appointed Chairman of the Board and Chief Executive Officer effective March 13, 2012. He was President and Chief Executive Officer from October 2, 2005 through that date.

(2) Mr. Rasulo was appointed Senior Executive Vice President and Chief Financial Officer effective January 1, 2010. He was Chairman, Walt Disney Parks and Resorts Worldwide from 2005 to 2009, and was President, Walt Disney Parks and Resorts from 2002 to 2005.

(3) Ms. Parker was named Executive Vice President – Human Resources and Chief Human Resources Officer of the Company, effective September 1, 2009, and designated an executive officer of the Company October 2, 2009. Ms. Parker was previously Senior Vice President of Human Resources for Walt Disney Parks and Resorts from October 2005 to July 2007 and Vice President Human Resources Administration for Walt Disney Parks and Resorts from March 2003 to October 2005.

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PART II

ITEM 5. Market for the Company's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The Company's common stock is listed on the New York Stock Exchange under the ticker symbol "DIS". The following table shows, for the periods indicated, the high and low sales prices per share of common stock as reported in the Bloomberg Financial markets services.

	Sales Price High	Low
2013		
4th Quarter	$67.65	$60.41
3rd Quarter	67.89	56.15
2nd Quarter	57.82	48.80
1st Quarter	53.15	46.53
2012		
4th Quarter	$53.40	$46.85
3rd Quarter	48.95	40.88
2nd Quarter	44.50	37.94
1st Quarter	37.80	28.19

The Company declared a $0.75 per share dividend ($1.3 billion) on November 28, 2012 related to fiscal 2012, which was paid on December 28, 2012. The Board of Directors has not declared a dividend related to fiscal 2013 as of the date of this report.

As of September 28, 2013, the approximate number of common shareholders of record was 956,025.

The following table provides information about Company purchases of equity securities that are registered by the Company pursuant to Section 12 of the Exchange Act during the quarter ended September 28, 2013:

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs(2)
June 30, 2013 – July 31, 2013	6,678,487	$64.71	6,611,400	176 million
August 1, 2013 – August 31, 2013	8,609,651	63.20	8,546,900	168 million
September 1, 2013 – September 28, 2013	6,727,762	63.73	6,661,600	161 million
Total	22,015,900	63.82	21,819,900	161 million

(1) 196,000 shares were purchased on the open market to provide shares to participants in the Walt Disney Investment Plan (WDIP) and Employee Stock Purchase Plan (ESPP). These purchases were not made pursuant to a publicly announced repurchase plan or program.

(2) Under a share repurchase program implemented effective June 10, 1998, the Company is authorized to repurchase shares of its common stock. On March 22, 2011, the Company's Board of Directors increased the repurchase authorization to a total of 400 million shares as of that date. The repurchase program does not have an expiration date.

ITEM 6. Selected Financial Data

(in millions, except per share data)

	2013 (1)	2012 (2)	2011 (3)	2010 (4)	2009 (5)
Statements of income					
Revenues	$45,041	$42,278	$40,893	$38,063	$36,149
Net income	6,636	6,173	5,258	4,313	3,609
Net income attributable to Disney	6,136	5,682	4,807	3,963	3,307
Per common share					
Earnings attributable to Disney					
Diluted	$3.38	$3.13	$2.52	$2.03	$1.76
Basic	3.42	3.17	2.56	2.07	1.78
Dividends	0.75	0.60	0.40	0.35	0.35
Balance sheets					
Total assets	$81,241	$74,898	$72,124	$69,206	$63,117
Long-term obligations	17,337	17,876	17,717	16,234	16,939
Disney shareholders' equity	45,429	39,759	37,385	37,519	33,734
Statements of cash flows					
Cash provided (used) by:					
Operating activities	$9,452	$7,966	$6,994	$6,578	$5,319
Investing activities	(4,676)	(4,759)	(3,286)	(4,523)	(1,755)
Financing activities	(4,214)	(2,985)	(3,233)	(2,663)	(3,111)

(1) During fiscal 2013, the Company completed a cash and stock acquisition for the outstanding capital stock of Lucasfilm for $4.1 billion (see Note 3 to the Consolidated Financial Statements for further discussion). In addition, results for the year include a charge related to the Celador litigation ($0.11 per diluted share) (see Note 14 to the Consolidated Financial Statements), restructuring and impairment charges ($0.07 per diluted share), a charge related to an equity redemption by Hulu (Hulu Equity Redemption) ($0.02 per diluted share) (see Note 3 to the Consolidated Financial Statements), favorable tax adjustments related to an increase in the amount of prior-year foreign earnings considered to be indefinitely reinvested outside of the United States and favorable tax adjustments related to pre-tax earnings in prior years ($0.12 per diluted share) and gains in connection with the sale of our equity interest in ESS and certain businesses ($0.08 per diluted share). These items collectively resulted in a net adverse impact of $0.01 per diluted share.

(2) The fiscal 2012 results include a non-cash gain in connection with the acquisition of a controlling interest in UTV ($0.06 per diluted share) (see Note 3 to the Consolidated Financial Statements for further discussion), a recovery of a previously written-off receivable from Lehman Brothers ($0.03 per diluted share), restructuring and impairment charges ($0.03 per diluted share) and costs related to the Disneyland Paris debt refinancing (rounded to $0.00 per diluted share) (see Note 8 to the Consolidated Financial Statements). These items collectively resulted in a net positive benefit of $0.06 per diluted share.

(3) The fiscal 2011 results include restructuring and impairment charges that rounded to $0.00 per diluted share and a net after tax loss on the sales of businesses including Miramax ($0.02 per diluted share) (see Note 4 to the Consolidated Financial Statements), which collectively resulted in a net adverse impact of $0.02 per diluted share.

(4) During fiscal 2010, the Company completed a cash and stock acquisition for the outstanding capital stock of Marvel for $4.2 billion. In addition, results include restructuring and impairment charges ($0.09 per diluted share), gains on the sales of investments in two television services in Europe ($0.02 per diluted share), a gain on the sale of the Power Rangers property ($0.01 per diluted share), and an accounting gain related to the acquisition of The Disney Store Japan ($0.01 per diluted share). These items collectively resulted in a net adverse impact of $0.04 per diluted share.

(5) The fiscal 2009 results include restructuring and impairment charges ($0.17 per diluted share), a non-cash gain in connection with the AETN transaction ($0.08 per diluted share) and a gain on the sale of our investment in two pay television services in Latin America ($0.04 per diluted share). These items collectively resulted in a net adverse impact of $0.06 per diluted share.

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ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations
CONSOLIDATED RESULTS
(in millions, except per share data)

	2013	2012	2011	% Change Better/(Worse) 2013 vs. 2012	% Change Better/(Worse) 2012 vs. 2011
Revenues	$45,041	$42,278	$40,893	7 %	3 %
Costs and expenses	(35,591)	(33,415)	(33,112)	(7)%	(1)%
Restructuring and impairment charges	(214)	(100)	(55)	>(100)%	(82)%
Other income /(expense), net	(69)	239	75	nm	>100 %
Net interest expense	(235)	(369)	(343)	36 %	(8)%
Equity in the income of investees	688	627	585	10 %	7 %
Income before income taxes	9,620	9,260	8,043	4 %	15 %
Income taxes	(2,984)	(3,087)	(2,785)	3 %	(11)%
Net income	6,636	6,173	5,258	8 %	17 %
Less: Net income attributable to noncontrolling interests	(500)	(491)	(451)	(2)%	(9)%
Net income attributable to The Walt Disney Company (Disney)	$6,136	$5,682	$4,807	8 %	18 %
Earnings per share attributable to Disney:					
Diluted	$3.38	$3.13	$2.52	8 %	24 %
Basic	$3.42	$3.17	$2.56	8 %	24 %
Weighted average number of common and common equivalent shares outstanding:					
Diluted	1,813	1,818	1,909		
Basic	1,792	1,794	1,878		

Organization of Information

Management's Discussion and Analysis provides a narrative on the Company's financial performance and condition that should be read in conjunction with the accompanying financial statements. It includes the following sections:

- Consolidated Results
- Business Segment Results — 2013 vs. 2012
- Non-Segment Items — 2013 vs. 2012
- Pension and Postretirement Medical Benefit Costs
- Business Segment Results — 2012 vs. 2011
- Non-Segment Items — 2012 vs. 2011
- Liquidity and Capital Resources
- Contractual Obligations, Commitments, and Off Balance Sheet Arrangements
- Accounting Policies and Estimates
- Forward-Looking Statements

CONSOLIDATED RESULTS

2013 vs. 2012

Revenues for fiscal 2013 increased 7%, or $2.8 billion, to $45.0 billion; net income attributable to Disney increased 8%, or $454 million, to $6.1 billion; and diluted earnings per share attributable to Disney (EPS) for the year increased 8% or $0.25 to $3.38.

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Net income attributable to Disney for fiscal 2013 was impacted by the following:

- A $321 million charge related to the Celador litigation
- Restructuring and impairment charges totaling $214 million
- A $55 million charge for our share of expense related to the Hulu Equity Redemption
- Favorable tax adjustments related to an increase in the amount of prior-year foreign earnings considered to be indefinitely reinvested outside of the United States and favorable tax adjustments related to pre-tax earnings in prior years totaling $207 million
- A $219 million gain on the sale of our 50% interest in ESPN STAR Sports (ESS) and gains of $33 million on the sale of certain businesses

Net income attributable to Disney for fiscal 2012 was impacted by the following:

- A $184 million non-cash gain recorded in connection with the acquisition of a controlling interest in UTV (UTV Gain)
- $79 million for the recovery of a receivable from Lehman Brothers that was written off in fiscal 2008 as a result of the Lehman Brothers bankruptcy (Lehman recovery)
- Restructuring and impairment charges totaling $100 million
- A $24 million net charge related to the refinancing of Disneyland Paris borrowings (DLP debt charge)

A summary of the impact of the items listed above on EPS is as follows:

(in millions, except per share data)	Pre-Tax Income/(Loss)	Tax Benefit/(Expense)	After-Tax Income/(Loss)	EPS Favorable/(Adverse)[3]
Year Ended September 28, 2013:				
Celador litigation charge	$(321)	$ 119	$(202)	$ (0.11)
Restructuring and impairment charges[1]	(214)	78	(136)	(0.07)
Hulu Equity Redemption charge[2]	(55)	20	(35)	(0.02)
Gain on sale of businesses and equity interest in ESS[1]	252	(48)	204	0.08
Favorable tax adjustments	—	207	207	0.12
Total	$(338)	$ 376	$38	$ (0.01)
Year Ended September 29, 2012:				
UTV Gain	$184	$ (68)	$116	$ 0.06
Lehman recovery	79	(29)	50	0.03
Restructuring and impairment charges	(100)	37	(63)	(0.03)
DLP debt charge[1]	(24)	4	(20)	—
Total	$139	$ (56)	$83	$ 0.06

(1) EPS has been adjusted for any noncontrolling interest share.

(2) See Note 3 of the Consolidated Financial Statements for discussion of the Hulu Equity Redemption charge.

(3) Total may not equal the sum of the column due to rounding.

Aside from the $0.07 adverse year-over-year impact of the items discussed above, the EPS increase in fiscal 2013 reflected improved performance across all of our segments, except for Studio Entertainment, along with lower net interest expense driven by lower effective interest rates. Parks and Resorts operating income growth was driven by higher average guest spending and attendance at our domestic parks, partially offset by higher operating costs. Growth at Media Networks was driven by increased MVPD fees (Affiliate Fees) due to contractual rate increases, higher advertising revenues at ESPN and ABC and higher equity earnings from AETN, partially offset by higher programming costs at ESPN and ABC primetime. Consumer Products operating income growth was due to improved merchandise licensing results and the inclusion of Lucasfilm. The improvement at Interactive was driven by the release of Disney Infinity. Lower operating income at Studio Entertainment was driven by lower unit sales in home entertainment, partially offset by increased subscription video on demand (SVOD) sales in the current year and lower film impairments.

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2012 vs. 2011

Revenues for fiscal 2012 increased 3%, or $1.4 billion, to $42.3 billion; net income attributable to Disney increased 18%, or $875 million, to $5.7 billion; and EPS for the year increased 24% to $3.13.

Net income attributable to Disney for fiscal 2011 included restructuring and impairment charges and gains on the sale of businesses as follows:

(in millions, except per share data)	Pre-Tax Income/(Loss)	Tax Benefit/(Expense)	After-Tax Income/(Loss)	EPS Favorable/(Adverse)
Restructuring and impairment charges	$(55)	$ 47	$(8)	$ —
Gains on sales of businesses	75	(107)	(32)	(0.02)
	$20	$ (60)	$(40)	$ (0.02)

Restructuring and impairment charges included an impairment of assets that had tax basis significantly in excess of book value resulting in a $47 million tax benefit on the restructuring and impairment charges. The gains on sales of businesses included the sale of Miramax, which had a book value that included $217 million of allocated goodwill, which is not tax deductible. Accordingly, the taxable gain on the sales of businesses exceeded the $75 million book gain resulting in tax expense of $107 million.

Aside from the $0.08 year-over-year benefit of the items discussed above, the EPS increase in fiscal 2012 reflected improved operating results across all of our operating segments. Improved results at Media Networks were driven by higher cable Affiliate Fees and advertising revenue and an increase in ABC program sales. These increases were partially offset by increased sports programming costs and lower broadcast advertising revenue. Growth at Parks and Resorts was driven by higher guest spending and attendance at our domestic parks and resorts, partially offset by higher operating costs. The increase at Studio Entertainment reflected improved results at our theatrical business driven by Marvel's The Avengers, partially offset by higher film cost write-downs. Consumer Products growth was driven by higher merchandise licensing revenue due to the strength of Marvel properties. The increase at Interactive was driven by improved social game performance due to lower acquisition accounting impacts and improved results at our console game business.

Restructuring and Impairment Charges

The Company recorded $214 million, $100 million and $55 million of restructuring and impairment charges in fiscal years 2013, 2012 and 2011, respectively. Charges in fiscal 2013 were due to severance, contract and lease termination costs and intangible and other asset impairments. The charges include amounts incurred in connection with the acquisition of Lucasfilm. Charges in fiscal 2012 were primarily due to severance, lease termination costs and the write-off of an intellectual property asset. Charges in fiscal 2011 were due to severance costs and asset impairments. Charges in each fiscal year were largely due to organizational and cost structure initiatives across various of our businesses.

Other Income/(Expense), net

Other income/(expense) is as follows (in millions):

	2013	2012	2011
Celador litigation charge	$(321)	$—	$—
Gain on sale of equity interest in ESS	219	—	—
Gains on sale of Miramax and other businesses	33	—	75
Gain related to the acquisition of UTV	—	184	—
Lehman recovery	—	79	—
DLP debt charge	—	(24)	—
Other income/(expense), net	$(69)	$239	$75

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BUSINESS SEGMENT RESULTS — 2013 vs. 2012

Below is a discussion of the major revenue and expense categories for our business segments. Costs and expenses for each segment consist of operating expenses, selling, general, administrative and other expenses and depreciation and amortization. Selling, general, administrative and other costs include third-party and internal marketing expenses.

Our Media Networks segment generates revenue from Affiliate Fees charged to MVPDs and Network affiliated stations, advertising revenues from the sale to advertisers of time in programs for commercial announcements and other revenues, which include the sale and distribution of television programming. Significant operating expenses include programming and production costs, technical support costs, distribution costs and operating labor.

Our Parks and Resorts segment generates revenue from the sale of admissions to theme parks, the sale of food, beverage and merchandise, charges for room nights at hotels, sales of cruise vacation packages and sales and rentals of vacation club properties. Significant operating expenses include operating labor, costs of sales, repairs and maintenance, utilities, information technology and property taxes.

Our Studio Entertainment segment generates revenue from the distribution of films in the theatrical, home entertainment, television markets, music distribution and ticket sales and licensing revenues from live entertainment events. Significant operating expenses include film cost amortization, which consists of production cost and participations and residuals expense amortization, distribution expenses and costs of sales.

Our Consumer Products segment generates revenue from licensing characters from our film, television and other properties to third parties for use on consumer merchandise, publishing children’s books and magazines and comic books, and operating retail stores, English language learning centers and internet shopping sites. Significant operating expenses include costs of goods sold and distribution expenses, operating labor and retail occupancy costs.

Our Interactive segment generates revenue from the development and sale of multi-platform console games, subscriptions to and micro transactions for online and mobile games, content and handset revenue from our Disney-branded mobile phone business in Japan, and online advertising and sponsorships. Certain properties are also licensed to third-party game publishers. Significant operating expenses include cost of goods sold and distribution expense and product development.

(in millions)	2013	2012	2011	% Change Better/(Worse) 2013 vs. 2012		2012 vs. 2011	
Revenues:							
Media Networks	$20,356	$19,436	$18,714	5	%	4	%
Parks and Resorts	14,087	12,920	11,797	9	%	10	%
Studio Entertainment	5,979	5,825	6,351	3	%	(8	)%
Consumer Products	3,555	3,252	3,049	9			