

WALT DISNEY CO/
Form 424B3
December 03, 2007

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Rule 424(b)(3)
Registration No. 333-122139

PRICING SUPPLEMENT NO. 4 dated November 29, 2007

\$750,000,000

4.70% Global Notes due 2012

This Pricing Supplement accompanies and supplements the Prospectus dated February 8, 2005 (the "Prospectus"), as supplemented by the Prospectus Supplement, dated March 10, 2005 (the "Prospectus Supplement").

The Notes have the following terms (as applicable):

Rate:	<input type="checkbox"/> Fixed Rate	<input type="checkbox"/> Floating Rate	<input type="checkbox"/> Zero Coupon	<input type="checkbox"/> Discount
Form:	<input type="checkbox"/> Book-Entry	<input type="checkbox"/> Definitive		
Title:	4.70% Global Notes due 2012			

Principal Amount: \$750,000,000

Denominations: \$2,000 or any integral multiple of \$1,000 in excess of \$2,000

Original Issue Price: 99.772%

CUSIP No: 25468PCH7

ISIN No: US25468PCH73

Common Code No: 033493894

Proceeds to the Company: \$745,665,000

Discount or Commission to Agents: 0.35%

Original Issue Discount: N/A

Original Issue Date: December 4, 2007

Stated Maturity: December 1, 2012

Yield to Maturity: N/A

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Initial Maturity (for Renewable Notes): N/A

Final Maturity (for Renewable Notes): N/A

Earliest Redemption Date: December 4, 2007

Redemption:

o

The Notes cannot be redeemed prior to stated maturity.

o

The Notes may be redeemed at par, in whole or in part, at the option of the Company, at any time or from time to time on or after _____ and prior to stated maturity, plus accrued interest to the redemption date.

y

The Notes may be redeemed, in whole or in part, at the option of the Company, at any time or from time to time prior to stated maturity at a redemption price equal to the greater of the following amounts, plus, in each case, accrued interest to the redemption date:

(1)

100% of the principal amount of the Notes to be redeemed; or

(2)

as determined by the Independent Investment Banker (as defined below), the sum of the present values of the remaining scheduled payments of principal and interest on the Notes to be redeemed (not including any portion of any payments of interest accrued as

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of the redemption date) discounted to the redemption date on a semiannual basis at the Treasury Rate (as defined below) plus 20 basis points.

The redemption price will be calculated assuming a 360-day year consisting of twelve 30-day months.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

The Treasury Rate will be calculated on the third business day preceding the redemption date.

"Comparable Treasury Issue" means the United States Treasury security selected by the Independent Investment Banker as having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of those Notes.

"Comparable Treasury Price" means, with respect to any redemption date, (i) the average of five Reference Treasury Dealer Quotations for that redemption date, after excluding the highest and lowest of those Reference Treasury Dealer Quotations, or (ii) if the Independent Investment Banker obtains fewer than five such Reference Treasury Dealer Quotations, the average of all of those quotations.

"Independent Investment Banker" means one of Banc of America Securities LLC, Deutsche Bank Securities Inc., or Merrill Lynch, Pierce, Fenner & Smith Incorporated and their respective successors appointed by the Company to act as the Independent Investment Banker, from time to time, or if any such firm is unwilling or unable to serve in that capacity, an independent investment and banking institution of national standing appointed by the Company.

"Reference Treasury Dealer" means: (i) Banc of America Securities LLC, Deutsche Bank Securities Inc., and Merrill Lynch, Pierce, Fenner & Smith Incorporated, and their respective successors; provided that, if any such firm ceases to be a primary U.S. Government securities dealer in New York City ("Primary Treasury Dealer"), the Company will substitute another Primary Treasury Dealer; and (ii) up to two other Primary Treasury Dealers selected by the Company.

"Reference Treasury Dealer Quotation" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 5:00 p.m. (New York City time) on the third business day preceding that redemption date.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of the Notes to be redeemed. If the Company elects to partially redeem the Notes, the trustee will select, in a fair and appropriate manner, the Notes to be redeemed.

Unless the Company defaults in payment of the redemption price, on and after the redemption date interest will cease to accrue on the Notes or portions of the Notes called for redemption.

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Interest Rate Per Annum (for Fixed Rate Notes): 4.70%

Interest Payment Dates:

- Third Wednesday of each month
- Third Wednesday of each March, June, September and December
- Third Wednesday of each _____
and _____
- Third Wednesday of each _____
- Other (specify): Interest Payment Dates shall be the 1st day of each June and December during the term of the Notes, commencing on June 1, 2008.

Regular Record Dates:

- Fifteenth day (whether or not a Business Day) immediately preceding the related Interest Payment Date
- Other (specify):

Interest Payment Period:

- Monthly
- Quarterly
- Semiannually
- Annually

Interest Reset Period: N/A

- Daily
- Weekly
- Monthly
- Quarterly
- Semiannually
- Annually

Interest Reset Dates: N/A

- As specified in Prospectus Supplement
- Other (specify) _____

Interest Determination Date: N/A

- As specified in Prospectus Supplement
- Other (specify) _____

Purchase of Notes at Option of Holder: N/A

Purchase Date(s): _____ Purchase Price(s): _____

Calculation Agent: N/A

Lead Managing Underwriter: Merrill Lynch, Pierce, Fenner & Smith Incorporated

Plan of Distribution: See below under "Underwriting"

Agent's Capacity:

- As agent
- As principal

Payment of Additional Amounts:

We will, subject to certain exceptions and limitations set forth below, pay to the holder of any Note who is a United States Alien (as defined below), as additional interest, such amounts ("Additional Amounts") as may be necessary in order that every net payment on such Note (including payment of the principal of and interest on such Note) by us or a paying agent, after deduction or withholding for

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or on account of any present or future tax, assessment or other governmental charge imposed upon or as a result of such payment by the United States (or any political subdivision or taxing authority thereof or therein), will not be less than the amount provided in such Note to be then due and payable; provided, however, that the foregoing obligation to pay Additional Amounts will not apply to:

- (a) any tax, assessment or other governmental charge that would not have been so imposed but for:
 - the existence of any present or former connection between such holder or beneficial owner of such Note (or between a fiduciary, settlor or beneficiary of, or a person holding a power over, such holder, if such holder is an estate or a trust, or a member or shareholder of such holder, if such holder is a partnership or corporation) and the United States or any political subdivision or taxing authority thereof or therein, including, without limitation, such holder (or such fiduciary, settlor, beneficiary, person holding a power, member or shareholder) being or having been a citizen or resident of the United States or treated as a resident thereof or being or having been engaged in a trade or business or present therein or having or having had a permanent establishment therein; or
 - such holder's or beneficial owner's past or present status, as applicable (under prior or current law), as a personal holding company, foreign personal holding company, foreign private foundation or other foreign tax-exempt organization with respect to the United States, passive foreign investment company or controlled foreign corporation for United States tax purposes or corporation that accumulates earnings to avoid United States Federal income tax,
- (b) any estate, inheritance, gift, excise, sales, transfer, wealth or personal property tax or any similar tax, assessment or other governmental charge;
- (c) any tax, assessment or other governmental charge that would not have been imposed but for the presentation by the holder of a Note for payment more than 30 days after the date on which such payment became due and payable or the date on which payment thereof was duly provided for, whichever occurred later;
- (d) any tax, assessment or other governmental charge that is payable otherwise than by withholding from a payment on a Note;
- (e) any tax, assessment or other governmental charge required to be withheld by any paying agent from a payment on a Note, if such payment could be made without such withholding by any other paying agent;
- (f) any tax, assessment or other governmental charge that would not have been imposed but for a failure to comply with applicable certification, information, documentation, identification or other reporting requirements concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of a Note if such compliance is required by statute or regulation of the United States or by an applicable tax treaty to which the United States is a party as a precondition to relief or exemption from such tax, assessment or other governmental charge;
- (g) any tax, assessment or other governmental charge imposed on a holder that actually or constructively owns 10 percent or more of the combined voting power of all classes of stock of the Company or that is a bank receiving interest on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business;
- (h) any withholding or deduction imposed on a payment to an individual where such withholding or deduction is required to be made pursuant to Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of

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26th-27th November, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

- (i) any combination of items (a), (b), (c), (d), (e), (f), (g) and (h);

nor shall Additional Amounts be paid with respect to a payment on a Note to a holder that is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner would not have been entitled to Additional Amounts (or payment of Additional Amounts would not have been necessary) had such beneficiary, settlor, member or beneficial owner been the holder of such Note.

A "United States Alien" means any person that, for United States Federal income tax purposes, is a foreign corporation, a non-resident alien individual, a non-resident alien fiduciary of a foreign estate or trust, or a foreign partnership one or more of the members of which is, for United States Federal income tax purposes, a foreign corporation, a non-resident alien individual or a non-resident alien fiduciary of a foreign estate or trust. "United States" means the United States of America (including the States and the District of Columbia) and its territories, its possessions and other areas subject to its jurisdiction.

Redemption for Tax Purposes

If (a) as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of the United States (or any political subdivision or taxing authority thereof or therein), or any change in the official application (including a ruling by a court of competent jurisdiction in the United States) or interpretation of such laws, regulations or rulings, which change or amendment is announced or becomes effective on or after the consummation of this offering, we become or will become obligated to pay Additional Amounts as described above or (b) any act is taken by a taxing authority of the United States on or after the consummation of this offering, whether or not such act is taken with respect to us or any affiliate, that results in a substantial likelihood that we will or may be required to pay such Additional Amounts, then we may, at our option, redeem, as a whole, but not in part, the Notes on not less than 30 nor more than 60 days' prior notice, at a redemption price equal to 100% of their principal amount, together with interest accrued thereon to the date fixed for redemption; provided that we determine, in our business judgment, that the obligation to pay such Additional Amounts cannot be avoided by the use of reasonable measures available to us, not including substitution of the obligor under the Notes or any action that would entail a material cost to us. No redemption pursuant to (b) above may be made unless we shall have received an opinion of independent counsel to the effect that an act taken by a taxing authority of the United States results in a substantial likelihood that we will or may be required to pay Additional Amounts described above and we shall have delivered to the trustee a certificate, signed by a duly authorized officer, stating that based on such opinion we are entitled to redeem the Notes pursuant to their terms.

General Information Concerning Certain United States Tax Documentation Requirements

In general, a beneficial owner of a Note will be subject to the 30% United States Federal withholding tax that generally applies to payments of interest on a registered form debt obligation issued by a United States person, unless (a) each clearing system, bank or other financial institution that holds such beneficial owner's Note in the ordinary course of its trade or business in the chain of intermediaries between such beneficial owner and the United States entity required to withhold tax complies with applicable certification requirements and (b) one of the following steps is taken to obtain an exemption from or reduction of the tax:

Exemption for United States Aliens (IRS Form W-8BEN). A beneficial owner of a Note that is a United States Alien provides a properly completed Internal Revenue Service Form W-8BEN

(Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding) that establishes an exemption from withholding tax.

Exemption for United States Aliens with effectively connected income (IRS Form W-8ECI). A beneficial owner of a Note that is a United States Alien, including a non-United States corporation or bank with a United States branch, that conducts a trade or business in the United States with which the interest income on a Note is effectively connected, provides a properly completed IRS Form W-8ECI (Certificate of Foreign Person's Claim for Exemption from Withholding on Income Effectively Connected with the Conduct of a Trade or Business in the United States) that establishes an exemption from withholding tax.

Exemption or reduced rate for United States Aliens entitled to the benefits of a treaty (IRS Form W-8BEN). A beneficial owner of a Note that is a United States Alien entitled to the benefits of an income tax treaty to which the United States is a party provides a properly completed IRS Form W-8BEN (Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding) that establishes an exemption from or reduction of the withholding tax (depending on the terms of the treaty).

Exemption for Non-United States Aliens (IRS Form W-9). A beneficial owner of a Note that is not a United States Alien provides a properly completed IRS Form W-9 (Request for Taxpayer Identification Number and Certification) that establishes an exemption from withholding tax.

A beneficial owner of a Note is required to submit the appropriate IRS form under applicable procedures to the person through which the owner directly holds the Note. For example, if the beneficial owner is listed directly on the books of Euroclear or Clearstream as the holder of the Note, the IRS form must be provided to Euroclear or Clearstream, as the case may be. Each other person through which a Note is held must submit, on behalf of the beneficial owner, the IRS form (or in certain cases a copy thereof) under applicable procedures to the person through which it holds the Note, until the IRS form is received by the United States person who would otherwise be required to withhold United States Federal income tax from interest on the Note. Applicable procedures include additional certification requirements if a beneficial owner of the Note provides an IRS Form W-8BEN to a securities clearing organization, bank or other financial institution that holds the Note on its behalf. See "Material United States Federal Tax Considerations Non-United States Holders" in the Prospectus Supplement.

Prospective investors should consult their tax advisors regarding the certification requirements for United States Aliens.

EACH HOLDER OF A NOTE SHOULD BE AWARE THAT IF IT DOES NOT PROPERLY PROVIDE THE REQUIRED IRS FORM, OR IF THE IRS FORM (OR, IF PERMISSIBLE, A COPY OF SUCH FORM) IS NOT PROPERLY TRANSMITTED TO AND RECEIVED BY THE UNITED STATES PERSON OTHERWISE REQUIRED TO WITHHOLD UNITED STATES FEDERAL INCOME TAX, INTEREST ON THE NOTE MAY BE SUBJECT TO UNITED STATES WITHHOLDING TAX AT A 30% RATE AND THE HOLDER (INCLUDING THE BENEFICIAL OWNER) WILL NOT BE ENTITLED TO ANY ADDITIONAL AMOUNTS FROM US DESCRIBED UNDER THE SUBHEADING " PAYMENT OF ADDITIONAL AMOUNTS" WITH RESPECT TO SUCH TAX. SUCH TAX, HOWEVER, MAY IN CERTAIN CIRCUMSTANCES BE ALLOWED AS A REFUND OR AS A CREDIT AGAINST SUCH HOLDER'S UNITED STATES FEDERAL INCOME TAX. THE FOREGOING DOES NOT DEAL WITH ALL ASPECTS OF UNITED STATES FEDERAL INCOME TAX WITHHOLDING THAT MAY BE RELEVANT TO FOREIGN HOLDERS OF THE NOTES. INVESTORS ARE ADVISED TO CONSULT THEIR TAX ADVISORS FOR SPECIFIC ADVICE CONCERNING THE OWNERSHIP AND DISPOSITION OF THE NOTES.

Book-Entry Notes:

The Depository, Clearstream and Euroclear. Upon issuance, the Notes will be represented by one or more fully registered global notes (the "Global Notes"). Each such Global Note will be deposited with, or on behalf of, The Depository Trust Company or any successor thereto (the "Depository"), as depository, and registered in the name of Cede & Co. (the Depository's partnership nominee). Unless and until it is exchanged in whole or in part for Notes in definitive form, no Global Note may be transferred except as a whole by the Depository to a nominee of the Depository. Investors may elect to hold interests in the Global Notes through either the Depository (in the United States) or through Clearstream Banking, *société anonyme*, Luxembourg ("Clearstream") or Euroclear Bank S.A./NV, as operator of the Euroclear System ("Euroclear"), if they are participants in such systems, or indirectly through organizations which are participants in such systems. Clearstream and Euroclear will hold interests on behalf of their participants through customers' securities accounts in Clearstream's and Euroclear's names on the books of their respective depositories, which in turn will hold such interests in customers' securities accounts in the depositories' names on the books of the Depository. Citibank, N.A. will act as depository for Clearstream and JPMorgan Chase Bank will act as depository for Euroclear (in such capacities, the "U.S. Depositories").

Clearstream advises that it is incorporated as a professional depository under the laws of Luxembourg. Clearstream holds securities for its participating organizations ("Clearstream Participants") and facilitates the clearance and settlement of securities transactions between Clearstream Participants through electronic book-entry changes in accounts of Clearstream Participants, thereby eliminating the need for physical movement of certificates. Clearstream provides to Clearstream Participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic markets in several countries. Clearstream has established an electronic bridge with Euroclear Bank S.A./N.V., the operator of Euroclear, to facilitate settlement of trades between Clearstream and Euroclear. As a professional depository, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector. Clearstream Participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, and may include the underwriters. Indirect access to Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream Participant either directly or indirectly. Clearstream is an indirect participant in the Depository.

Distributions with respect to the Global Notes held beneficially through Clearstream will be credited to cash accounts of Clearstream Participants in accordance with its rules and procedures, to the extent received by Clearstream.

Euroclear advises that it was created in 1968 to hold securities for participants of Euroclear ("Euroclear Participants") and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear includes various other services, including securities lending and borrowing, and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V. (the "Euroclear Operator"), under contract with Euroclear Clearance Systems S.C., a Belgian cooperative corporation (the "Cooperative"). All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the Cooperative. The Cooperative establishes policy for Euroclear on behalf of Euroclear Participants. Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

The Euroclear Operator advises that it is regulated and examined by the Belgian Banking Commission.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear system, and applicable Belgian law (collectively, the "Terms and Conditions"). The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear Participants, and has no record of or relationship with persons holding through Euroclear Participants.

Distributions with respect to the Global Notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear Participants in accordance with the Terms and Conditions, to the extent received by the U.S. Depositary of Euroclear.

Global Clearance and Settlement Procedures. Initial settlement for the Global Notes will be made in immediately available funds. Secondary market trading between the Depositary Participants will occur in the ordinary way in accordance with the Depositary's rules and will be settled in immediately available funds using the Depositary's Same-Day Funds Settlement System. Secondary market trading between Clearstream Participants and/or Euroclear Participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional eurobonds in immediately available funds.

Cross-market transfers between persons holding directly or indirectly through the Depositary on the one hand, and directly or indirectly through Clearstream or Euroclear Participants, on the other, will be effected in the Depositary in accordance with the Depositary's rules on behalf of the relevant European international clearing system by its U.S. Depositary; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its U.S. Depositary to take action to effect final settlement on its behalf by delivering or receiving the Global Notes in the Depositary, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to the Depositary. Clearstream Participants and Euroclear Participants may not deliver instructions directly to the Depositary.

Because of time-zone differences, credits of Global Notes received in Clearstream or Euroclear as a result of a transaction with a Depositary Participant will be made during subsequent securities settlement processing and will be credited the business day following the Depositary settlement date. Such credits or any transactions in the Global Notes settled during such processing will be reported to the relevant Euroclear or Clearstream Participants on such business day. Cash received in Clearstream or Euroclear as a result of sales of Global Notes by or through a Clearstream Participant or a Euroclear Participant to a Depositary Participant will be received with value on the Depositary settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in the Depositary.

Although the Depositary, Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of the Global Notes among participants of the Depositary, Clearstream and Euroclear, they are under no obligation to perform or continue to perform such procedures and such procedures may be discontinued at any time.

Underwriting:

Under the terms and subject to the conditions contained in the terms agreements dated the date hereof, the underwriters named below have severally agreed to purchase, and we have agreed to sell to them severally, the respective amount of the Notes set forth opposite their names below. In the terms agreements, the underwriters have agreed to purchase all of the Notes if any Notes are purchased.

Underwriters	Principal Amount of Notes
Banc of America Securities LLC	\$ 200,000,000
Deutsche Bank Securities Inc	200,000,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	200,000,000
BMO Capital Markets Corp	75,000,000
Mitsubishi UFJ Securities International plc	75,000,000
Total	\$ 750,000,000

The underwriters propose to offer the Notes initially at the Original Issue Price and to selling group members at that price less a concession of 0.20% of the principal amount of the Notes. The underwriters and selling group members may allow a discount of 0.15% of the principal amount of the Notes on sales to other broker-dealers. After the initial public offering, the Original Issue Price and concession and discount to broker-dealers may be changed.

Disney has agreed to indemnify the underwriters against liabilities under the Securities Act of 1933, as amended, or to contribute to payments which the underwriters may be required to make in that respect.

Certain of the underwriters and their affiliates have provided investment and/or commercial banking services to Disney in the past, and the underwriters and their affiliates may provide these services in the future.

Mitsubishi UFJ Securities International plc is not a U.S. registered broker-dealer and, therefore, to the extent that it intends to effect any sales of the Notes in the United States, it will do so through one or more U.S. registered broker-dealers as permitted by Financial Industry Regulatory Authority regulations.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of the Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes which has been approved by the competent authority in that Relevant Member State, or where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State at any time:

to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or

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in any other circumstances which do not require the publication by Disney of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive. The expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State. References to "€" are to euros.

Each underwriter has represented and agreed that:

it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to Disney; and

it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Each underwriter severally has represented to, and agreed with, Disney that it has not offered, sold or delivered and that it will not offer, sell or deliver, directly or indirectly, any of the Notes or distribute this pricing supplement and the accompanying Prospectus Supplement and Prospectus or any other material relating to the Notes, in or from any jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with the applicable laws and regulations thereof.

Purchasers of the Notes may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the Original Issue Price.

The Notes are a new issue of securities with no established trading market. We have been advised by the underwriters that they intend to make a market in the Notes, but that they are not obligated to do so and may discontinue such market-making at any time without notice.

We estimate that our share of the total expenses of the offering, excluding underwriting discounts, will be approximately \$35,000.

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PROSPECTUS SUPPLEMENT
(To Prospectus dated February 8, 2005)

\$5,000,000,000

Medium-Term Notes, Series C

Due Nine Months or More From Date of Issue

We may offer from time to time Medium-Term Notes, Series C having an aggregate initial offering price of up to \$5,000,000,000 or an equivalent amount in one or more foreign or composite currencies or currency units. The following terms will generally apply to the notes that we may sell under this prospectus supplement and the attached prospectus. We will include information on the specific terms for each note in a pricing supplement to this prospectus supplement that we will deliver to prospective purchasers of any note.

Currency Denomination: Each note will be denominated in U.S. dollars or in one or more foreign or composite currencies or currency units.

Maturity: Each note will mature on a business day nine months or more from the date of issue, as specified in the applicable pricing supplement.

Interest Rate: Each note will bear interest at (i) a fixed rate, which may be zero in the case of certain notes issued at a price representing a discount from the principal amount payable at maturity, (ii) a floating rate that is reset daily, weekly, monthly, quarterly, semiannually or annually or (iii) a combination of fixed and floating rates.

Interest Accrual and Payment: Interest on fixed rate notes will accrue from their date of issue and, unless otherwise specified in the applicable pricing supplement, will be payable semiannually in arrears on February 1 and August 1 of each year and at maturity. Interest on floating rate notes will accrue from their date of issue and, as specified in the applicable pricing supplement, will be payable in arrears monthly, quarterly, semiannually or annually and at final maturity.

Redemption and Repurchase: The notes may be subject to redemption at our option, in whole or in part, prior to their stated maturity, if so provided in the applicable pricing supplement. Unless otherwise provided in the applicable pricing supplement, the notes will not be subject to repurchase by us at the option of the holder of the notes.

Form of notes: Each note will be issued in fully registered book-entry form or definitive form. Each book-entry note will be represented by a global security deposited with or on behalf of The Depository Trust Company (or another depository identified in the applicable pricing supplement) and registered in the name of the depository's nominee. Interests in book-entry notes will be shown on, and transfers of book-entry notes will be effected only through, records maintained by the depository and its participants. Book-entry notes will not be issuable as definitive notes except under the limited circumstances described in this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement, the accompanying prospectus or any pricing supplement is truthful and complete. Any representation to the contrary is a criminal offense.

	Price to Public(1)	Agents' Discounts and Commissions(2)	Proceeds to Company(2)(3)
Per Note	100%	.125% - .750%	99.875% - 99.250%
Total(4)	\$5,000,000,000		

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Price to Public(1)	Agents' Discounts and Commissions(2)	Proceeds to Company(2)(3)
	\$6,250,000 - \$37,500,000	\$4,993,750,000 - \$4,962,500,000

-
- (1) We will issue the notes at 100% of their principal amount, unless otherwise specified in an applicable pricing supplement.
- (2) We will pay commissions to each agent, in the form of a discount, ranging from .125% to .750% of the price to the public of any note, depending on maturity, when the agent places such note, provided that commissions for notes maturing in 30 years or greater will be negotiated. We may also sell notes to an agent, as principal, for resale to investors or other purchasers at varying prices related to prevailing market prices at the time of resale or, if so agreed, at a fixed public offering price. We have agreed to indemnify the agents against certain liabilities, including liabilities under the Securities Act of 1933. See "Plan of Distribution."
- (3) Before deducting expenses payable by us estimated at \$2,000,000.
- (4) Or an equivalent amount in one or more foreign or composite currencies or currency units.

The notes are being offered on a continuing basis by us through the agents listed below, who have agreed to act as agents for us in soliciting offers to purchase the notes. We may also sell notes to an agent, as principal, for resale to investors or other purchasers, and we reserve the right to sell notes to or through others and directly to investors on our own behalf. We reserve the right to cancel or modify the offer made by this prospectus supplement and the accompanying prospectus without notice. There is no termination date for the offering of the notes. Any offer to purchase notes solicited by us or by an agent may be rejected by us or the agent in whole or in part. The notes will not be listed on any securities exchange, and there can be no assurance that the notes offered by this prospectus supplement will be sold or that there will be a secondary market for the notes.

Banc of America Securities LLC
Barclays Capital
Bear, Stearns & Co. Inc.
Blaylock & Partners, L.P.
BNP PARIBAS
Citigroup
Credit Suisse First Boston
Deutsche Bank Securities
Goldman, Sachs & Co.
HSBC
JPMorgan
Lehman Brothers
Merrill Lynch & Co.
RBS Greenwich Capital
UBS Investment Bank
The Williams Capital Group, L.P.

The date of this Prospectus Supplement is March 10, 2005.

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You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any applicable pricing supplement. Neither we nor any agent has authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. Neither we nor any agent is making an offer to sell the notes in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any pricing supplement is accurate only as of the date of the applicable document. Our business, financial condition, results of operations and prospects may have changed since the applicable date.

References in this prospectus supplement to "Disney," "the Company," "we," "us" or "our" are to The Walt Disney Company.

References in this prospectus supplement to "U.S. dollars," "U.S.\$," "dollar" or "\$" are to the currency of the United States of America.

RISK FACTORS

Your investment in the notes involves certain risks. In consultation with your own financial and legal advisers, you should carefully consider, among other matters, the following discussion of risks before deciding whether an investment in the notes is suitable for you. Notes are not an appropriate investment for you if you are unsophisticated with respect to their significant components.

This prospectus supplement and the accompanying prospectus do not describe all the risks of an investment in notes denominated in, or the payment of which is related to the value of, a foreign currency or a composite currency or currency unit or notes indexed to currency values, commodities or interest rate indices and we disclaim any responsibility to advise prospective purchasers of such risks as they exist at the date of this prospectus supplement or as such risks may change from time to time. You should consult your financial, legal and tax advisors as to the risks entailed in an investment in foreign currency notes or indexed notes. Such notes are not an appropriate investment for prospective purchasers who are unsophisticated with respect to foreign currency or indexed transactions.

Notes Indexed to Interest Rate or Other Indices or Formulas May Have Risks Not Associated With a Conventional Debt Security

If you invest in notes indexed to one or more interest rate or other indices or formulas, you will be subject to significant risks not associated with a conventional fixed rate or floating rate debt security. These risks include fluctuation of the particular indices or formulas and the possibility that you will receive a lower, or no, amount of principal, premium or interest and at different times than you expected. We have no control over a number of matters, including economic, financial and political events, that are important in determining the existence, magnitude and longevity of these risks and their results. In addition, if an index or formula used to determine any amounts payable in respect of the notes contains a multiplier or leverage factor, the effect of any change in the particular index or formula will be magnified. In recent years, values of certain indices and formulas have been volatile and volatility in those and other indices and formulas may be expected in the future. However, past experience is not necessarily indicative of what may occur in the future.

Redemption May Adversely Affect Your Return on the Notes

If your notes are redeemable at our option, we may choose to redeem your notes at times when prevailing interest rates are relatively low. In addition, if your notes are subject to mandatory redemption, we may be required to redeem your notes also at times when prevailing interest rates are relatively low. As a result, you generally will not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as your notes being redeemed.

There May Not Be Any Trading Market for Your Notes; Many Factors Affect the Trading and Market Value of Your Notes

Upon issuance, your notes will not have an established trading market. We cannot assure you a trading market for your notes will ever develop or be maintained if developed. In addition to our creditworthiness, many factors affect the trading market for, and trading value of, your notes. These factors include:

the complexity and volatility of the index or formula applicable to your notes;

the method of calculating the principal, premium and interest in respect of your notes;

the time remaining to the maturity of your notes;

the outstanding amount of your notes;

any redemption features of your notes;

the amount of other debt securities linked to the index or formula applicable to your notes; and

the level, direction and volatility of market interest rates generally.

There may be a limited number of buyers when you decide to sell your notes. This may affect the price you receive for your notes or your ability to sell your notes at all. In addition, notes that are designed for specific investment objectives or strategies often experience a more limited trading market and more price volatility than those not so designed. You should not purchase notes unless you understand and know you can bear all of the investment risks involving your notes.

Our Credit Ratings May Not Reflect All Risks of an Investment in the Notes

The credit ratings of our medium-term note program may not reflect the potential impact of all risks related to structure and other factors on any trading market for, or trading value of, your notes. In addition, real or anticipated changes in our credit ratings will generally affect any trading market for, or trading value of, your notes.

Changes in Exchange Rates and Exchange Controls Could Result in a Substantial Loss to You

An investment in foreign currency notes, which are notes denominated in a specified currency other than U.S. dollars, entails significant risks that are not associated with a similar investment in a security denominated in U.S. dollars. Similarly, an investment in an indexed note on which all or a part of any payment due is based on a currency other than U.S. dollars has significant risks that are not associated with a similar investment in non-indexed notes. These risks include, but are not limited to:

the possibility of significant market changes in rates of exchange between U.S. dollars and the specified currency;

the possibility of significant changes in rates of exchange between U.S. dollars and the specified currency resulting from official redenomination relating to such specified currency; and

the possibility of the imposition or modification of foreign exchange controls by either the United States or foreign governments.

These risks generally depend on factors over which we have no control and which cannot be readily foreseen, such as

economic events;

political events;

the supply of, and demand for, the relevant currencies;

inflation rates;

interest rate levels; and

governmental surpluses or deficits in the countries of the relevant currencies.

If payments on your notes denominated in a foreign currency are determined by reference to a formula containing a multiplier or leverage factor, the effect on any change in the exchange rates between the applicable currencies will be magnified. In recent years, rates of exchange between the U.S. dollar and some foreign currencies in which our notes may be denominated, and between these foreign currencies and other

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foreign currencies, have been volatile. This volatility may be expected in the future. Fluctuations that have occurred in any particular exchange rate in the past are not necessarily indicative, however, of fluctuations that may occur in the rate during the term of any foreign currency note. Depreciation of the specified currency of a foreign currency note against U.S. dollars would result in a decrease in the effective yield of the foreign currency note below its coupon

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rate and could result in a substantial loss to the investor on a U.S. dollar basis. In addition, depending on the specific terms of a currency linked note, changes in exchange rates relating to any of the relevant currencies may result in a decrease in the note's effective yield and in your loss of all or a substantial portion of the principal of that note.

Governments have imposed from time to time, and may in the future impose, exchange controls that could affect exchange rates as well as the availability of a specified currency other than U.S. dollars at the time of payment of principal, any premium, or interest on a foreign currency note. There can be no assurance that exchange controls will not restrict or prohibit payments of principal, any premium, or interest denominated in any specified currency.

Even if there are no actual exchange controls, it is possible that the specified currency would not be available to us when payments on such note are due because of circumstances beyond our control. In this event, we will make required payments in U.S. dollars on the basis described in this prospectus supplement. However, if the specified currency for any note is not available because the Euro has been substituted for that currency, we would make the payments in Euro. You should consult your own financial and legal advisors as to the risks of an investment in notes denominated in a currency other than U.S. dollars. See "The Unavailability of Currencies Could Result in a Substantial Loss to You" and "Description of the Notes Payment Currency" below.

The information set forth in this prospectus supplement is directed to prospective purchasers of notes who are United States residents, except to the extent expressly set forth in "Material United States Federal Tax Considerations" below. We disclaim any responsibility to advise prospective purchasers who are residents of countries other than the United States regarding any matters that may affect the purchase or holding of, or receipt of payments of principal, any premium, or interest on, notes. Such persons should consult their financial and legal advisors with regard to these matters. Any pricing supplement relating to notes having a specified currency other than U.S. dollars will contain a description of any material exchange controls affecting such currency and any other required information concerning such currency.

The Unavailability of Currencies Could Result in a Substantial Loss to You

Except as set forth below, if payment on a note is required to be made in a specified currency other than U.S. dollars and the specified currency is:

unavailable due to the imposition of exchange controls or other circumstances beyond our control;

no longer used by the government of the country issuing the specified currency; or

no longer used for the settlement of transactions by public institutions of the international banking community;

then all payments on the note will be made in U.S. dollars until the specified currency is again available or so used. The amounts so payable on any date in the specified currency will be converted into U.S. dollars on the basis of the most recently available market exchange rate for the specified currency or as otherwise indicated in the applicable pricing supplement. Any payment on the note made under these circumstances in U.S. dollars will not constitute an event of default under the indenture. Notwithstanding the foregoing, if the specified currency for any note is not available because the Euro has been substituted for that currency, the payments will be made in Euro.

Purchasers are required to pay for each note in a currency specified by us for such note. Currently, there are limited facilities in the United States for conversion of U.S. dollars into foreign currencies, and vice versa. In addition, banks do not generally offer non-U.S. dollar-denominated checking or savings account facilities in the United States. Accordingly, payments on notes made in a currency

other than U.S. dollars will be made from an account at a bank located outside the United States, unless otherwise specified in the applicable pricing supplement. If requested by a prospective purchaser of a note having a specified currency other than U.S. dollars, an agent may at its discretion arrange for the exchange of U.S. dollars into the specified currency to enable the purchaser to pay for such note. Each of these exchanges will be made by the agent. The terms, conditions, limitations and charges that the agent may from time to time establish in accordance with its regular foreign exchange practice will control the exchange. As a result, you may have difficulty or be unable to convert such specified currencies into U.S. dollars on a timely basis or at all. The purchaser must pay all costs of exchange.

If the specified currency of a note is officially redenominated, other than as a result of European Monetary Union, such as by an official redenomination of the specified currency that is a composite currency, then our payment obligations on the note will be the amount of redenominated currency that represents the amount of our obligations immediately before the redenomination. The notes will not provide for any adjustment to any amount payable under the notes as a result of:

any change in the value of the specified currency of the notes relative to any other currency due solely to fluctuations in exchange rates; or

any redenomination of any component currency of any composite currency, unless such composite currency is itself officially redenominated.

Judgments in a Foreign Currency Could Result in a Substantial Loss to You

The notes will be governed by, and construed in accordance with, the laws of the State of New York. Courts in the United States customarily have not rendered judgments for money damages denominated in any currency other than the U.S. dollar. It is not clear, however, whether in granting any judgment, the rate of conversion into U.S. dollars would be determined with reference to the date of default, the date judgment is rendered or some other date. Under the New York judiciary law, an action based upon an obligation denominated in a currency other than U.S. dollars will be rendered in the foreign currency of the underlying obligation. Any judgment awarded in such an action will be converted into U.S. dollars at the rate of exchange prevailing on the date of the entry of the judgment or decree. The exchange rate on the date of judgment could be more or less favorable than the exchange rate on the date the judgment is paid.

Changes in the Value of Underlying Assets of Indexed Notes Could Result in a Substantial Loss to You

An investment in currency indexed notes or other indexed notes entails significant risks not associated with similar investments in a conventional debt security. If the interest rate on a currency indexed note or other indexed note is so indexed, it may result in payment of interest at a rate that is less than that payable on a conventional fixed rate debt security issued at the same time, including the possibility that no interest will be payable. If the principal amount is so indexed, the principal amount payable at maturity may be less than the original purchase price of the note (if permitted pursuant to the terms of the note), including the possibility that no principal will be paid.

The market prices for these notes will be affected by a number of factors independent of our creditworthiness and the value of the applicable currency, security, basket of securities, commodity or index, including:

the volatility of the indexed currency, security, basket of securities, commodity or index;

the time remaining until the maturity of the notes;

the outstanding principal amount of the notes; and

prevailing market interest rates.

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The value of the indexed currency, security, basket of securities, commodity or index will depend on a number of interrelated factors, including economic, financial and political events, over which we have no control.

Additionally, if the formula used to determine the principal amount, premium, if any, or rate of interest, if any, payable with respect to these notes contains a multiple or leverage factor, the effect of any change in the indexed currency, security, basket of securities, commodity or index may be increased. The historical experience of the relevant currencies, securities, baskets of securities, commodities or indices should not be taken as an indication of future performance of such currencies, securities, baskets of securities, commodities or indices during the term of any note.

In considering whether to purchase indexed notes, you should be aware that the calculation of amounts payable on indexed notes may involve reference to prices that are published solely by third parties or entities which are not regulated by the laws of the United States.

The risk of loss as a result of linking principal or interest payments on indexed notes to an index and to the underlying assets can be substantial. You should consult your own financial and legal advisors as to the risks of an investment in indexed notes.

USE OF PROCEEDS

We intend to use the net proceeds from the sale of the notes (estimated to be approximately \$4.961 billion to \$4.992 billion) for general corporate purposes.

DESCRIPTION OF THE NOTES

The notes will be issued as a series of senior debt securities under an indenture, dated as of September 24, 2001 (the "indenture"), between Disney and Wells Fargo Bank, N.A., a national banking association, as trustee (referred to herein as the "trustee"). The following summary of selected provisions of the notes and of the indenture is not complete and is qualified in its entirety by reference to the indenture and the form of notes. You should review the indenture and the notes, the forms of which have been or will be filed or incorporated by reference as exhibits to the registration statement of which this prospectus supplement and the accompanying prospectus are a part. Capitalized terms used but not defined herein or in the accompanying prospectus have the meanings given to them in the indenture. The term "securities," as used under this caption, refers to all securities issued and issuable from time to time under the indenture and includes the notes. The pricing supplement for each offering of notes will contain the specific information and terms for that offering. If any information in the pricing supplement, including any changes in the method of calculating interest on any notes, is inconsistent with this prospectus supplement, you should rely on the information in the pricing supplement. The pricing supplement may also add, update or change information contained in the prospectus and this prospectus supplement. It is important for you to consider the information contained in the accompanying prospectus, this prospectus supplement and the pricing supplement in making your investment decision. The following description will apply to the notes unless otherwise specified in a pricing supplement.

Each note will be denominated either in U.S. dollars or in one or more foreign or composite currencies or currency units. The applicable pricing supplement will specify the denominated currency and the payment currency, which may be U.S. dollars or one or more foreign or composite currencies or currency units, in which the principal and interest with respect to the note will be paid. The denominated currency and the payment currency may be the same currency or different currencies. If the denominated currency or the payment currency is not U.S. dollars, the applicable pricing supplement will also include any other terms relating to the currency or currencies, including exchange rates as against the U.S. dollar at selected times during the last five years, and any exchange controls

affecting the denominated currency or payment currency. See "Risk Factors" above and "Material United States Federal Tax Considerations" below.

General

All securities, including the notes, issued and to be issued under the indenture will be our senior unsecured obligations and will rank *pari passu* with all of our other senior unsecured indebtedness from time to time outstanding. The indenture does not limit the aggregate principal amount of securities which may be issued thereunder and securities may be issued thereunder from time to time as a single series or in two or more separate series up to the aggregate principal amount from time to time authorized by us for each series. We may, from time to time, without the consent of the holders of the notes, provide for the issuance of notes or other securities under the indenture in addition to the notes offered hereby.

The notes are our exclusive obligations. Our operations are conducted almost entirely through subsidiaries. Accordingly, the cash flow and our consequent ability to service our debt, including the notes, are dependent upon the earnings of our subsidiaries and the distribution of those earnings to us, whether by dividends, loans or otherwise. The payment of dividends and the making of loans and advances to us by our subsidiaries may be subject to statutory or contractual restrictions, are contingent upon the earnings of those subsidiaries and are subject to various business considerations. Our right to receive assets of any of our subsidiaries upon their liquidation or reorganization (and the consequent right of the holders of the notes to participate in those assets) will be effectively subordinated to the claims of that subsidiary's creditors (including trade creditors), except to the extent that we are recognized as a creditor of that subsidiary, in which case our claims would still be subordinate to any security interests in the assets of that subsidiary and any indebtedness of that subsidiary senior to that held by us. As of January 1, 2005, our subsidiaries would have had approximately \$14.9 billion of indebtedness outstanding (including accounts and taxes payable, accrued liabilities and other recorded liabilities), of which \$4.1 billion represents Euro Disney S.C.A. and Hong Kong Disneyland indebtedness which was initially consolidated as a result of adopting Financial Accounting Standards Board (FASB) Interpretation No. 46R *Consolidation of Variable Interest Entities* (FIN 46R) in fiscal 2004. The indenture does not limit our or our subsidiaries' ability to incur additional indebtedness in the future.

The notes offered pursuant hereto are part of a series currently limited to \$5,000,000,000 aggregate initial offering price or the equivalent thereof in one or more foreign or composite currencies or currency units. The aggregate principal amount of notes that may be issued may be increased at any time by us and may be reduced to the extent that we issue any securities, other than notes offered hereby, under the registration statement of which this prospectus supplement constitutes a part. The notes will be offered on a continuing basis and will mature on a business day (as defined herein) nine months or more from the date of issue, as set forth in the applicable pricing supplement. Interest-bearing notes will bear interest at either a fixed rate (referred to as "fixed rate notes"), or a rate determined by reference to one or more base rates (as defined herein), which may be adjusted by a spread or spread multiplier (as defined herein) (referred to as "floating rate notes"). In no event will the rate of interest payable on any fixed rate note or floating rate note be in excess of the maximum rate of interest permitted by applicable law. Discount notes (as defined herein) may be issued at significant discounts from their principal amount payable at stated maturity and some discount notes may be zero coupon notes which will bear no interest, except in the case of default in payment of principal upon acceleration or redemption (if applicable), or may bear no interest for a specified period following the date of issue. Unless otherwise specified in an applicable pricing supplement, the notes will be denominated and will be payable in U.S. dollars.

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Interest rates, interest rate formulas and other variable terms of the notes are subject to change by us from time to time, but no such change will affect any note already issued or as to which an offer to purchase has been accepted by us. Interest rates offered by us with respect to the notes may differ, depending upon, among other things, the aggregate principal amount of the notes purchased in any single transaction.

Each note will be issued in fully registered book-entry form, referred to as a "book-entry note," or definitive form, referred to as a "definitive note", in denominations of \$1,000 or any integral multiple of \$1,000, unless a different denomination is specified in the applicable pricing supplement. Each book-entry note will be represented by a global security deposited with or on behalf of The Depository Trust Company (or another depository identified in the applicable pricing supplement) (the "depository") and registered in the name of the depository's nominee. Book-entry notes may be transferred or exchanged only through a participating member of the depository. See "Book-Entry Notes." Registration of transfers of definitive notes will be made at the corporate trust office of the trustee. No service charge will be made by us, the trustee or the registrar for any registration of transfer or exchange of notes, but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith (other than exchanges pursuant to Sections 2.11, 3.6, 9.5 or 10.3 of the indenture, not involving any transfer).

Notes denominated in a denominated currency other than U.S. dollars will be issued in denominations of the equivalent of U.S. \$1,000 or any integral multiple of the equivalent of U.S. \$1,000 (or any different denomination specified in the applicable pricing supplement, if applicable), as determined by reference to the noon U.S. dollar buying rate in New York City for cable transfers of such denominated currency published by the Federal Reserve Bank of New York (the "market exchange rate") for the business day immediately preceding the date of issuance.

We will pay principal of and interest, if any, on book-entry notes through the trustee to the depository. See "Book-Entry Notes." In the case of definitive notes, we will pay principal at the stated maturity of each definitive note (or on any prior date on which the principal or an installment of principal of such definitive note becomes due and payable, whether by declaration of acceleration, call for redemption, put for repurchase, or otherwise) (each such date, a "maturity"), upon presentation of the definitive note at the corporate trust office of the trustee or at any other place designated by us. Payment of interest due at maturity will be made to the person to whom payment of the principal of the definitive note shall be made. Payment of interest due on definitive notes other than at maturity will be made at the corporate trust office of the trustee or, at our option, may be made by check mailed to the address of the person entitled thereto as the address may appear in the register of securities. Notwithstanding the foregoing, we will make payments of interest, if any, on any interest payment date other than the maturity date to each registered holder of \$10,000,000 (or, if the payment currency is other than United States dollars, the equivalent thereof in the particular payment currency) or more in aggregate principal amount of definitive notes (whether having identical or different terms and provisions) by wire transfer of immediately available funds if the applicable registered holder has delivered appropriate wire transfer instructions in writing to the trustee not less than 15 days prior to the particular interest payment date. Any wire transfer instructions received by the trustee shall remain in effect until revoked by the applicable registered holder.

The indenture does not afford holders of the notes protection in the event of a highly leveraged transaction, reorganization, restructuring, merger or similar transaction involving us that may adversely affect holders of the notes.

As used in this prospectus supplement, "business day" means:

for any note, any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which commercial banks are authorized or required by law, regulation or executive order to close in The City of New York;

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for notes the payment of which is to be made in a denominated currency other than U.S. dollars only, the day is also not a day on which commercial banks are authorized or required by law, regulation or executive order to close in the principal financial center (as defined below) of the country of the denominated currency;

for LIBOR notes only, the day is also a London business day, which means any day on which commercial banks are open for business (including dealings in the LIBOR currency) in London; and

for EURIBOR notes and notes denominated in Euros only, the day is also a TARGET business day, which means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System is open.

"Principal financial center" means, as applicable:

the capital city of the country issuing the payment currency; or

the capital city of the country to which the LIBOR currency relates;

provided, however, that with respect to United States dollars, Australian dollars, Canadian dollars, Deutsche marks, Dutch guilders, Italian lire, Portuguese escudos, South African rand and Swiss francs, the "principal financial center" shall be The City of New York, Sydney and (solely in the case of the payment currency) Melbourne, Toronto, Frankfurt, Amsterdam, Milan, London (solely in the case of the LIBOR currency), Johannesburg and Zurich, respectively.

"Discount note" means any security which provides for an amount less than the principal amount thereof to be due and payable upon declaration of acceleration of the stated maturity thereof.

Reopening of Issue

We may from time to time, without the consent of existing note holders, issue additional notes having the same terms and conditions (including maturity and interest payment terms) as previously issued notes in all respects, except for issue date, issue price and the first payment of interest. Additional notes issued in this manner will be fungible with the previously issued notes to the extent specified in the applicable pricing supplement.

Payment Currency

If the applicable pricing supplement provides for payments of interest and principal on non-U.S. dollar denominated notes to be made in U.S. dollars, conversion of the payment currency into U.S. dollars will be effected in the manner set forth in the applicable pricing supplement.

Except as set forth below, if the principal of, or interest on, any note is payable in a payment currency other than U.S. dollars and such payment currency is not available to us for making payments due to the imposition of exchange controls or other circumstances beyond our control, or is no longer used by the government of the country issuing the currency or for the settlement of transactions by public institutions within the international banking community, then we will be entitled to satisfy our obligations to holders of the notes by making the payment in U.S. dollars on the basis of the market exchange rate on the date of the payment or, if the market exchange rate is not then available, as of the most recent practicable date. However, if the specified currency for any note is not available because the Euro has been substituted for that currency, we would make the payments in Euro. Any payment made under these circumstances in U.S. dollars or Euro where the required payment is in a payment currency other than U.S. dollars or Euro will not constitute an event of default.

All determinations referred to above made by us or any of our agents shall be at our or our agent's sole discretion and, in the absence of manifest error, shall be conclusive for all purposes and binding on holders of the notes.

Redemption and Repurchase

Unless otherwise specified in an applicable pricing supplement, the notes will not be subject to any sinking fund. If provided in an applicable pricing supplement, the notes may be subject to redemption, in whole or in part, prior to their stated maturity at our option or through operation of a mandatory or optional sinking fund or analogous provisions. The applicable pricing supplement will set forth the detailed terms of redemption, including, but not limited to, the dates after or on which and the price or prices (including premium, if any) at which the notes may be redeemed.

Unless otherwise specified in an applicable pricing supplement, notes will not be subject to purchase by us at the option of the holder thereof. If a purchase date or dates (each, a "purchase date") with respect to a note is specified in an applicable pricing supplement, on each specified purchase date, we will become obligated to purchase, at the option of the holder, all or a portion of the note for which a written purchase notice has been delivered by the holder to the trustee, at any time from the opening of business on the date that is 60 days prior to the purchase date until the close of business on the date that is 30 days prior to the purchase date, subject to certain additional conditions described below. The delivery to the trustee of a purchase notice is irrevocable.

Each purchase notice must state:

- (i) the CUSIP numbers of the notes to be delivered by the holder thereof for purchase by us;
- (ii) the portion of the principal amount of notes to be purchased, which portion must be an integral multiple of \$1,000; and
- (iii) that the notes are to be purchased by us pursuant to the applicable provisions of the notes.

Any note which is to be purchased by us only in part must be surrendered at a place of payment therefor, and we will execute, and the trustee will authenticate and deliver to the holder of the note without service charge, a new note or notes of like tenor, of any authorized denomination as requested by the holder, in an aggregate principal amount equal to and in exchange for the unpurchased portion of the principal of the note so surrendered.

The price payable on any purchase date with respect to any applicable note will be equal to the applicable purchase price specified in the applicable pricing supplement, together with accrued interest to but excluding the purchase date. Any installments of interest payable prior to the purchase date will be payable to the holders of the notes, or one or more predecessor securities, registered as such at the close of business on the relevant regular record dates, all according to the provisions of the indenture.

If a purchase notice has been given with respect to an applicable note, from and after the applicable purchase date (unless we default in payment of the purchase price and accrued interest), the note (or portion thereof to be purchased) will cease to bear interest and all other rights of the holder (other than the right to receive the purchase price, together with accrued interest to but excluding the purchase date, upon the delivery of the note in accordance with its terms) will terminate. Payment of the purchase price, together with accrued interest to but excluding the purchase date, for a note for which a purchase notice has been delivered is conditioned upon delivery of such note (with, if we or the trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to us and the trustee duly executed by, the holder thereof or his attorney duly authorized in writing) to the trustee at its corporate trust office, or at any other place of payment designated by us for that purpose, at any time (whether prior to, on or after the purchase date) after delivery of the purchase notice. Payment of the purchase price for the note (or portion thereof to be purchased), together with

accrued interest to the purchase date, will be made on the later of the purchase date or promptly following the time of delivery of the note.

No notes may be purchased if there has occurred and is continuing an event of default (other than a default in payment of the purchase price, together with accrued interest, with respect to the notes).

We will not be required to:

(i) issue, register the transfer of or exchange any note having a purchase date specified therein during a period beginning at the opening of business 15 days before the first date any purchase notice may be delivered to the trustee with respect thereto and ending at the close of business on the last date a purchase notice may be delivered to the trustee with respect thereto; or

(ii) register the transfer of or exchange any note, or portion thereof, for which a purchase notice has been delivered to the trustee, except the portion of any the note for which the purchase notice has not been delivered to the trustee.

We will comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934 and any other applicable securities laws or regulations in connection with any such repurchase.

We may at any time purchase notes at any price or prices in the open market or otherwise. Notes so purchased by us may be held or resold or, at our discretion, may be surrendered to the trustee for cancellation.

For all purposes of this prospectus supplement, any applicable pricing supplement and the indenture, unless the context otherwise requires, all provisions relating to the redemption or purchase by us of notes shall relate, in the case of any notes redeemed or purchased or to be redeemed or purchased by us only in part, to the portion of the principal amount of the notes which has been or is to be so redeemed or purchased.

Interest

General

Unless otherwise specified in an applicable pricing supplement, each note will bear interest from the date of original issue at the rate per annum, or, in the case of a floating rate note, pursuant to the interest rate formula, stated therein, until the principal thereof is paid or made available for payment. Interest will be payable in arrears on each date specified in a note on which an installment of interest is due and payable (an "interest payment date") and at maturity. Each interest payment shall be the amount of interest accrued from and including the most recent interest payment date in respect of which interest has been paid or duly provided for (or from and including the date of original issue if no interest has been paid or duly provided for with respect to the note) to but excluding the next succeeding interest payment date or the maturity date, as the case may be (referred to herein as an "interest accrual period"). The first payment of interest on any note originally issued between a regular record date and the related interest payment date will be made on the interest payment date immediately following the next succeeding regular record date to the registered holder on the next succeeding regular record date. As a result of certain interest rate characteristics of the notes, they may be issued with original issue discount for United States Federal income tax purposes. Certain United States Federal tax considerations and other considerations applicable to any notes may be described in an applicable pricing supplement. See "Material United States Federal Tax Considerations."

Interest rates offered by us with respect to the notes may differ depending upon, among other factors, the aggregate principal amount of notes purchased in any single transaction. Notes with different variable terms other than interest rates may also be offered concurrently to different investors. Interest rates or formulas and other terms of notes are subject to change by us from time to time, but

none of these changes will affect any note previously issued or as to which an offer to purchase has been accepted by us.

Fixed Rate Notes

Unless otherwise specified in an applicable pricing supplement, the interest payment dates with respect to any fixed rate note will be February 1 and August 1 of each year, and the regular record dates in respect of the interest payment dates will be the immediately preceding January 15 and July 15 (whether or not a business day), respectively. If any interest payment date or maturity of a fixed rate note falls on a day that is not a business day with respect to such fixed rate note, the payment due on such interest payment date or at maturity will be made on the following day that is a business day with respect to the fixed rate note as if it were made on the date the payment was due and no interest will accrue on the amount so payable for the period from and after the interest payment date or maturity, as the case may be. Interest on each fixed rate note will be computed on the basis of a 360-day year of twelve 30-day months.

Floating Rate Notes

General. Unless otherwise specified in an applicable pricing supplement, floating rate notes will be issued as described below. Interest on floating rate notes will be determined by reference to a "base rate," to be specified in the applicable pricing supplement, which may be one or more of the following:

the Commercial Paper Rate (as defined below), in which case such note will be a "Commercial Paper Rate note;"

LIBOR (as defined below), in which case the note will be a "LIBOR note;"

the CD Rate (as defined below), in which case the note will be a "CD Rate note;"

the Federal Funds Rate (as defined below), in which case the note will be a "Federal Funds Rate note;"

the Treasury Rate (as defined below), in which case the note will be a "Treasury Rate note;"

the Prime Rate (as defined below), in which case the note will be a "Prime Rate note;"

the CMT Rate (as defined below), in which case the note will be a "CMT Rate note;"

the J.J. Kenny Rate (as defined below), in which case the note will be a "J.J. Kenny Rate note;"

the Eleventh District Cost of Funds Rate (as defined below), in which case the note will be an "Eleventh District Cost of Funds Rate note;"

EURIBOR (as defined below), in which case the note will be a "EURIBOR note;" or

any other base rate or interest rate formula as may be set forth in the applicable pricing supplement.

In addition, a floating rate note may bear interest calculated by reference to the lowest of two or more base rates determined in the same manner as the base rates are determined for the types of notes described above. Each floating rate note and the applicable pricing supplement will specify the base rate or rates applicable thereto.

Interest Rate Calculation. The interest rate on each floating rate note will be calculated by reference to the specified base rate or the lowest of two or more specified base rates, in either case plus or minus the spread, if any, or multiplied by the spread multiplier, if any. The

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"spread" is the number of basis points to be added to or subtracted from the related base rate or rates applicable to the floating rate note. The "spread multiplier" is the percentage of the related base rate or rates to be

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multiplied to determine the applicable interest rate on the floating rate note. The "index maturity" is the period to maturity of the instrument or obligation with respect to which the related base rate or rates are calculated. Each floating rate note and the applicable pricing supplement will specify the index maturity and the spread or spread multiplier, if any, applicable thereto.

Each floating rate note and the applicable pricing supplement will specify whether the rate of interest on the floating rate note will be reset daily, weekly, monthly, quarterly, semiannually or annually and the date on which the interest rate will be reset (each, an "interest reset date") and the period between interest reset dates (each, an "interest reset period"). Unless otherwise specified in a floating rate note and the applicable pricing supplement, the interest reset date will be, in the case of a floating rate note which resets:

- (a) daily, each business day;
- (b) weekly, the Wednesday of each week (with the exception of weekly reset Treasury Rate notes, which reset the Tuesday of each week, except as specified below);
- (c) monthly, the third Wednesday of each month, other than Eleventh District Cost of Funds Rate notes, which will reset the first calendar day of each month;
- (d) quarterly, the third Wednesday of March, June, September and December of each year;
- (e) semiannually, the third Wednesday of each of the two months specified in the applicable pricing supplement; and
- (f) annually, the third Wednesday of the month specified in the applicable pricing supplement.

If any interest reset date for any floating rate note would otherwise be a day that is not a business day, the interest reset date will be postponed to the next succeeding day that is a business day, except that in the case of a LIBOR note or a EURIBOR note (or a note for which LIBOR or EURIBOR is the applicable base rate), if the business day is in the next succeeding calendar month, the interest reset date will be the last business day in the preceding month.

The interest rate applicable to each interest reset period commencing on the interest reset date or dates with respect to the interest reset period will be the rate determined on the applicable "interest determination date." Unless otherwise specified in an applicable pricing supplement, the interest determination date will be as set forth below for each note:

with respect to a Commercial Paper Rate note (the "Commercial Paper Interest determination date"), a Federal Funds Rate note (the "Federal Funds Interest determination date"), and a Prime Rate note (the "Prime Rate Interest determination date"), the interest determination date will be the business day preceding each interest reset date;

with respect to a CD Rate note (the "CD Interest determination date"), a CMT Rate note (the "CMT Interest determination date") and a J.J. Kenny Rate note (the "J.J. Kenny Interest determination date"), the interest determination date will be the second business day preceding each interest reset date;

with respect to a LIBOR note (the "LIBOR Interest determination date"), the interest determination date will be the second London business day preceding each interest reset date;

with respect to a EURIBOR note (the "EURIBOR determination date"), the interest determination date will be the second TARGET business day preceding each interest reset date;

with respect to an Eleventh District Cost of Funds Rate note (the "Eleventh District Cost of Funds Interest determination date"), the interest determination date will be the last working day

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of the month immediately preceding each interest reset date on which the Federal Home Loan Bank of San Francisco publishes the Eleventh District Cost of Funds Index;

with respect to a Treasury Rate note (the "Treasury Rate Interest determination date"), the interest determination date will be the day in the week in which the interest reset date falls on which day Treasury Bills normally would be auctioned (Treasury Bills are normally sold at auction on Monday of each week, unless that day is a legal holiday, in which case the auction is normally held on the following Tuesday, except that such auction may be held on the preceding Friday) or, if no auction is held for a particular week, the first business day of that week. If, as a result of a legal holiday, an auction is held on the Friday of the week preceding the interest reset date, the related interest determination date shall be such preceding Friday and if an auction shall fall on any interest reset date, then the interest reset date shall instead be the first business day immediately following the auction; and

with respect to a note the interest rate of which is determined with reference to two or more base rates, the interest determination date will be the latest business day which is at least two business days prior to the interest reset date for the note on which each base rate shall be determinable. Each base rate shall be determined and compared on that date, and the applicable interest rate shall take effect on the related interest reset date.

Any floating rate note and the applicable pricing supplement may also specify either or both a maximum interest rate and a minimum interest rate at which interest may accrue during any interest reset period. In addition to any maximum interest rate which may be applicable to any floating rate note pursuant to the above provisions, the interest rate on floating rate notes will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States law of general application. Under present New York law, the maximum rate of interest is 25% per annum on a simple interest basis. This limit may not apply to floating rate notes in which \$2,500,000 or more has been invested.

The interest rate in effect with respect to a floating rate note on each day that is not an interest reset date will be the interest rate determined as of the interest determination date pertaining to the immediately preceding interest reset date and the interest rate in effect on any day that is an interest reset date will be the interest rate determined as of the interest determination date pertaining to that interest reset date, subject in either case to applicable provisions of law and any maximum or minimum interest rate limitation referred to above. The applicable pricing supplement will specify the initial interest rate, which is the interest rate in effect with respect to a floating rate note for the period from the date of original issue to the first interest reset date.

With respect to each floating rate note, accrued interest is calculated by multiplying its face amount by an accrued interest factor. The accrued interest factor is computed by adding the interest factor calculated for each day from the date of issue, or from the last date to which interest has been paid or duly provided for, to the date for which accrued interest is being calculated. The interest factor for each day is computed by dividing the interest rate applicable to that day by 360, in the case of Commercial Paper Rate notes, LIBOR notes, CD Rate notes, Federal Funds Rate notes, Prime Rate notes, J.J. Kenny Rate notes, Eleventh District Cost of Funds Rate notes and EURIBOR notes and by the actual number of days in the year, in the case of Treasury Rate notes and CMT Rate notes. Unless otherwise specified in an applicable pricing supplement, the interest factor for notes for which the interest rate is calculated with reference to two or more base rates will be calculated in each period in the same manner as if only the lowest applicable base rate specified in the applicable prospectus supplement applied.

All percentages resulting from any calculation on floating rate notes will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upward (e.g., 9.876545% (or .09876545) will be rounded upward to 9.87655% (or

.0987655)), and all amounts used in or resulting from the calculation on floating rate notes will be rounded, in the case of United States dollars, to the nearest cent or, in the case of a foreign currency, to the nearest unit (with one-half cent or unit being rounded upward).

Unless otherwise specified in an applicable pricing supplement, the trustee will be the "calculation agent" with respect to all floating rate notes. Upon the request of the holder of any floating rate note, the trustee will provide the interest rate then in effect and, if determined, the interest rate that will become effective as a result of a determination made for the next interest reset date with respect to the floating rate note. If at any time the trustee is not the calculation agent, we will notify the trustee of each determination of the interest rate applicable to any the floating rate note promptly after the determination is made by any successor calculation agent. The "calculation date," where applicable, pertaining to any interest determination date is the date by which the applicable interest rate must be calculated and will be the earlier of (a) the tenth calendar day after the interest determination date, or, if any such day is not a business day, the next succeeding business day and (b) the business day preceding the applicable interest payment date or maturity date, as the case may be.

Interest Payment Date. Except as provided below or in the applicable pricing supplement, the interest payment date will be:

- (a) in the case of a floating rate note which resets daily, weekly or monthly, other than Eleventh District Cost of Funds Rate notes, on the third Wednesday of each month or on the third Wednesday of each March, June, September and December of each year, as specified therein and in the applicable pricing supplement;
- (b) in the case of Eleventh District Cost of Funds Rate notes, on the first calendar day of each March, June, September and December;
- (c) in the case of a floating rate note which resets quarterly, on the third Wednesday of March, June, September and December of each year;
- (d) in the case of a floating rate note which resets semiannually, on the third Wednesday of each of the two months specified therein and in the applicable pricing supplement; and
- (e) in the case of a floating rate note which resets annually, on the third Wednesday of the month specified therein and in the applicable pricing supplement;

and, in each case, at maturity.

If any interest payment date (other than an interest payment date occurring on the maturity date) for a floating rate note falls on a day that is not a business day with respect to the note, the interest payment date will be postponed to the following day that is a business day with respect to that note, except that, in the case of a LIBOR note or a EURIBOR note (or a note for which LIBOR or EURIBOR is the applicable base rate), if the business day is in the next succeeding calendar month, the interest payment date shall be the immediately preceding day that is a business day with respect to that note. If the maturity of a floating rate note falls on a day that is not a business day with respect to the note, the payment of principal and interest may be made on the next succeeding business day with respect to that note, and no interest on that payment shall accrue for the period from and after the maturity. Unless otherwise specified in a floating rate note and the applicable pricing supplement, the regular record date or dates for interest payable on the floating rate note will be the fifteenth day (whether or not a business day) immediately preceding the related interest payment date or dates.

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Regular Floating Rate Notes. Unless a floating rate note is designated as a floating rate/fixed rate note or an inverse floating rate note, or as having an addendum attached or having other/additional provisions apply, in each case relating to a different interest rate formula, the particular floating rate note will be a regular floating rate note and will bear interest at the rate determined by reference to the applicable interest rate basis or bases:

plus or minus the applicable spread, if any, and/or

multiplied by the applicable spread multiplier, if any.

Commencing on the first interest reset date, the rate at which interest on a regular floating rate note is payable will be reset as of each interest reset date; provided, however, that the interest rate in effect for the period, if any, from the date of issue to the first interest reset date will be the initial interest rate.

Floating Rate/Fixed Rate Notes. If a floating rate note is designated as a floating rate/fixed rate note, the particular floating rate component will bear interest at the rate determined by reference to the applicable interest rate basis or bases:

plus or minus the applicable spread, if any, and/or

multiplied by the applicable spread multiplier, if any.

Commencing on the first interest reset date, the rate at which interest on a floating rate/fixed rate note is payable will be reset as of each interest reset date; provided, however, that:

the interest rate in effect for the period, if any, from the date of issue to the first interest reset date will be the initial interest rate; and

the interest rate in effect commencing on the fixed rate commencement date will be the fixed interest rate, if specified in the applicable pricing supplement, or, if not so specified, the interest rate in effect on the day immediately preceding the fixed rate commencement date.

Inverse Floating Rate Notes. If a floating rate note is designated as an "inverse floating rate note," the particular floating rate note will bear interest at the fixed interest rate minus the rate determined by reference to the applicable interest rate basis or bases:

plus or minus the applicable spread, if any, and/or

multiplied by the applicable spread multiplier, if any;

provided, however, that interest on an inverse floating rate note will not be less than zero. Commencing on the first interest reset date, the rate at which interest on an inverse floating rate note is payable will be reset as of each interest reset date; provided, however, that the interest rate in effect for the period, if any, from the date of issue to the first interest reset date will be the initial interest rate.

Certain Definitions. As used in this prospectus supplement, the terms "H.15(519)" and "H.15 Daily Update" have the following meanings:

"H.15(519)" means the weekly statistical release designated as H.15(519), or any successor publication, published by the Board of Governors of the Federal Reserve System.

"H.15 Daily Update" means the daily update of H.15(519), available through the world-wide-web site of the Board of Governors of the Federal Reserve System at <http://www.federalreserve.gov/releases/h15/update>, or any successor site or

publication.

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The interest rate in effect with respect to a floating rate note from the date of issue to the first interest reset date will be the initial interest rate. The interest rate for each subsequent interest reset date will be determined by the calculation agent in accordance with the provisions described below.

Commercial Paper Rate Notes

Commercial Paper Rate notes will bear interest at the interest rates (calculated with reference to the Commercial Paper Rate and the spread or spread multiplier, if any) specified in the Commercial Paper Rate notes and in an applicable pricing supplement. The calculation agent will determine the Commercial Paper Rate on each Commercial Paper Interest determination date.

Unless otherwise specified in an applicable pricing supplement, "Commercial Paper Rate" means, with respect to any Commercial Paper Interest determination date, the money market yield on such date of the rate for commercial paper having the index maturity specified in the applicable pricing supplement as published in H.15(519), under the heading "Commercial Paper Nonfinancial". The following procedures will be followed if the Commercial Paper Rate cannot be determined as described above:

If the rate is not published by 3:00 P.M., New York City time, on the calculation date pertaining to the Commercial Paper Interest determination date, then the Commercial Paper Rate will be the money market yield on that Commercial Paper Interest determination date of the rate for commercial paper of the index maturity specified in the applicable pricing supplement as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying the applicable rate, under the heading "Commercial Paper Nonfinancial".

If the rate is not published in either H.15(519) or H.15 Daily Update by 3:00 P.M., New York City time, on that calculation date, then the Commercial Paper Rate will be calculated by the calculation agent and will be the money market yield of the arithmetic mean of the offered rates, as of approximately 11:00 A.M., New York City time, on that Commercial Paper Interest determination date, of three leading dealers of United States dollar commercial paper in New York, New York (which may include one or more of the agents or their affiliates) selected by the calculation agent (after consultation with us) for commercial paper of the specified index maturity placed for an industrial issuer whose bond rating is "AA," or the equivalent, from a nationally recognized statistical rating agency.

If the dealers selected by the calculation agent are not quoting offered rates as mentioned in the preceding sentence, the rate of interest in effect for the applicable period will be the same as the interest rate in effect on that Commercial Paper Interest determination date.

"Money market yield" means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{money market yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal and "M" refers to the actual number of days in the interest period for which interest is being calculated.

LIBOR Notes

LIBOR notes will bear interest at the interest rates (calculated with reference to LIBOR and the spread or spread multiplier, if any) specified in the LIBOR notes and in an applicable pricing

supplement. Unless otherwise specified in an applicable pricing supplement, "LIBOR" means the rate determined by the calculation agent in accordance with the following provisions:

(a) With respect to a LIBOR Interest determination date, LIBOR will be, as specified in the applicable pricing supplement, as follows:

If "LIBOR Reuters" is specified in the applicable pricing supplement, the arithmetic mean of the offered rates for deposits in the index currency having the index maturity designated in the applicable pricing supplement, commencing on the second London business day immediately following that LIBOR Interest determination date, that appear on the LIBOR Page (as defined below) as of 11:00 A.M., London time, on that LIBOR Interest determination date, if at least two such offered rates appear on the LIBOR Page, or

If "LIBOR Telerate" is specified in the applicable pricing supplement, or if neither "LIBOR Reuters" nor "LIBOR Telerate" is specified in the applicable pricing supplement, the rate for deposits in the index currency having the index maturity designated in the applicable pricing supplement, commencing on the second London business day immediately following that LIBOR Interest determination date, that appears on the LIBOR Page (as defined below) as of 11:00 A.M., London time, on that LIBOR Interest determination date.

If fewer than two offered rates appear on the LIBOR Page, or if no rate appears on the LIBOR Page, as applicable, LIBOR in respect of that LIBOR Interest determination date will be determined as if the parties had specified the rate described in (b) below.

(b) If fewer than two offered rates appear on the LIBOR Page, or if no rate appears on the LIBOR Page, as applicable, LIBOR will be determined as follows:

The calculation agent will select (after consultation with us) four major reference banks (which may include affiliates of the agents) in the London interbank market.

The calculation agent will require the principal London office of each of those four selected banks to provide its offered quotation for deposits in the applicable index currency having the index maturity specified in the applicable pricing supplement as of approximately 11:00 A.M., London time, on such LIBOR Interest determination date commencing on the second London business day immediately following such LIBOR Interest determination date and in a principal amount equal to an amount that is representative for a single transaction in the market at that time.

If at least two quotations are provided, then LIBOR for that LIBOR Interest determination date will be the arithmetic mean of the quotations.

If fewer than two quotations are provided, then LIBOR for that LIBOR Interest determination date will be the arithmetic mean of the rates quoted as of approximately 11:00 A.M. in the applicable principal financial center, on the LIBOR Interest determination date by three major banks (which may include affiliates of the agents) in the applicable principal financial center, selected by the calculation agent (after consultation with us) for loans in the applicable index currency to leading European banks, having the specified index maturity, and in a principal amount equal to an amount of not less than \$1,000,000 (or the equivalent in the index currency, if the index currency is not the U.S. dollar) and that is representative for a single transaction in such market at the time.

If the banks selected by the calculation agent are not quoting as mentioned in the preceding sentence, then the rate of interest in effect for the applicable period will be the same as the interest rate in effect on that LIBOR Interest determination date.

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"Index currency" means the currency (including composite currencies) specified in the applicable pricing supplement as the currency for which LIBOR shall be calculated. If no currency is specified in the applicable pricing supplement, the index currency shall be U.S. dollars.

"LIBOR Page" means either:

if "LIBOR Reuters" is specified in the applicable pricing supplement, the display on the Reuter Monitor Money Rates Service (or any successor service) on the page specified in the applicable pricing supplement (or any other page as may replace that page on that service) for the purpose of displaying the London interbank rates of major banks for the index currency; or

if "LIBOR Telerate" is specified in the applicable pricing supplement or neither "LIBOR Reuters" nor "LIBOR Telerate" is specified in the applicable pricing supplement as the method for calculating LIBOR, the display on Moneyline Telerate (or any successor service) on the page specified in the applicable pricing supplement (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for the index currency.

CD Rate Notes

CD Rate notes will bear interest at the interest rates (calculated with reference to the CD Rate and the spread or spread multiplier, if any) specified in such CD Rate notes and in an applicable pricing supplement. The calculation agent will determine the CD Rate on each CD Interest determination date.

Unless otherwise indicated in the applicable pricing supplement, "CD Rate" means, with respect to any CD Interest determination date, the rate on such date for negotiable certificates of deposit having the index maturity designated in the applicable pricing supplement as published in H.15(519) under the caption "CDs (secondary market)" or, if not so published by 3:00 P.M., New York City time, on the calculation date pertaining to the CD Interest determination date, the CD Rate will be the rate on such CD Interest determination date for negotiable certificates of deposit of the index maturity as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying the applicable rate, under the caption "CDs (secondary market)".

The following procedures will be followed if the CD Rate cannot be determined as described above:

If by 3:00 P.M., New York City time, on the calculation date pertaining to the CD Interest determination date the rate is not yet published in either H.15(519) or H.15 Daily Update, then the CD Rate on that CD Interest determination date will be calculated by the calculation agent and will be the arithmetic mean of the secondary market offered rates as of 10:00 A.M., New York City time, on that CD Interest determination date, of three leading non-bank dealers in negotiable U.S. dollar certificates of deposit in The City of New York (which may include one or more of the agents or their affiliates) selected by the calculation agent (after consultation with us) for negotiable certificates of deposit of major United States money market banks for negotiable United States certificates of deposit with a remaining maturity closest to the index maturity designated in the applicable pricing supplement in an amount that is representative for a single transaction in that market at that time.

If the dealers selected by the calculation agent are not quoting offered rates as set forth above, the rate of interest in effect for the applicable period will be the same as the interest rate in effect on that CD Interest determination date.

CD Rate notes, like other notes, are not deposit obligations of a bank and are not insured by the Federal Deposit Insurance Corporation.

Federal Funds Rate Notes

Federal Funds Rate notes will bear interest at the interest rates (calculated with reference to the Federal Funds Rate and the spread or spread multiplier, if any) specified in the Federal Funds Rate notes and in an applicable pricing supplement. The calculation agent will determine the Federal Funds Rate on each Federal Funds Interest determination date.

Unless otherwise indicated in the applicable pricing supplement, "Federal Funds Rate" means, with respect to any Federal Funds Interest determination date, the rate on that date for Federal Funds as published in H.15(519) under the heading "Federal Funds (Effective)" and displayed on Moneyline Telerate (or any successor service) on page 120 (or any other page as may replace the specified page on that service) ("Telerate Page 120") or, if the rate does not so appear on Telerate Page 120 or is not so published by 3:00 P.M., New York City time, on the calculation date pertaining to that Federal Funds Interest determination date, the Federal Funds Rate will be the rate on that Federal Funds Interest determination date for United States dollar federal funds as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying the applicable rate, under the caption "Federal Funds (Effective)".

The following procedures will be followed if the Federal Funds Rate cannot be determined as described above:

If, by 3:00 P.M., New York City time, on the calculation date pertaining to the Federal Funds Interest determination date the rate is not yet published in H.15(519), the Federal Funds Rate for that Federal Funds Interest determination date will be calculated by the calculation agent and will be the arithmetic mean of the rates for the last transaction in overnight United States dollar federal funds arranged by three leading brokers of federal funds transactions in The City of New York (which may include one or more of the agents or their affiliates), which brokers have been selected by the calculation agent (after consultation with us), as of 9:00 A.M., New York City time, on that Federal Funds Interest determination date.

If the brokers selected by the calculation agent are not quoting rates as set forth above, the rate of interest in effect for the applicable period will be the same as the interest rate in effect on that Federal Funds Interest determination date.

Treasury Rate Notes

Treasury Rate notes will bear interest at the interest rates (calculated with reference to the Treasury Rate and the spread or spread multiplier, if any) specified in the Treasury Rate notes and in an applicable pricing supplement.

Unless otherwise specified in an applicable pricing supplement, "Treasury Rate" means, with respect to any Treasury Rate Interest determination date, the rate from the auction held on the Treasury Rate Interest determination date (the "Auction") of direct obligations of the United States ("Treasury Bills") having the index maturity specified in the applicable pricing supplement under the caption "INVESTMENT RATE" on the display on Moneyline Telerate (or any successor service) on page 56 (or any other page as may replace that page on that service) ("Telerate Page 56") or page 57 (or any other page as may replace that page on that service) ("Telerate Page 57"), or, if not published by 3:00 P.M., New York City time, on the calculation date pertaining to that Treasury Rate Interest determination date, the Bond Equivalent Yield (as defined below) of the rate for the applicable Treasury Bills as published in H.15 Daily Update, or another recognized electronic source used for the purpose of displaying the applicable rate, under the caption "U.S. Government Securities/Treasury Bills/Auction High".

The following procedure will be followed if the Treasury Rate cannot be determined as described above:

If the rate referred to in the preceding sentence is not so published by 3:00 P.M., New York City time, on the related calculation date, the Treasury Rate for that Treasury Rate Interest determination date will be the Bond Equivalent Yield of the auction rate of the applicable Treasury Bills as announced by the United States Department of the Treasury.

If the rate referred to in the preceding sentence is not so announced by the United States Department of the Treasury, or if the Auction is not held, the Treasury Rate for that Treasury Rate Interest determination date will be the Bond Equivalent Yield of the rate on the Treasury Rate Interest determination date of the applicable Treasury Bills as published in H.15(519) under the caption "U.S. Government Securities/Treasury Bills/Secondary Market".

If the rate referred to in the preceding sentence is not so published by 3:00 P.M., New York City time, on the related calculation date, the Treasury Rate for that Treasury Rate Interest determination date will be the rate on the Treasury Rate Interest determination date of the applicable Treasury Bills as published in H.15 Daily Update, or another recognized electronic source used for the purpose of displaying the applicable rate, under the caption "U.S. Government Securities/Treasury Bills/Secondary Market".

If the rate referred to in the preceding sentence is not so published by 3:00 P.M., New York City time, on the related calculation date, the Treasury Rate for that Treasury Rate Interest determination date will be the rate on the Treasury Rate Interest determination date calculated by the calculation agent as the Bond Equivalent Yield of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 P.M., New York City time, on the Treasury Rate Interest determination date, of three leading primary United States government securities dealers (which may include one or more of the agents or their affiliates) selected by the calculation agent (after consultation with us), for the issue of Treasury Bills with a remaining maturity closest to the specified index maturity.

If the dealers selected by the calculation agent are not quoting rates as set forth in the preceding sentence, the rate of interest in effect for the applicable period will be the same as the interest rate in effect on that Treasury Rate Interest determination date.

"Bond Equivalent Yield" means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Bond Equivalent Yield} = \frac{D \times N}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable per annum rate for Treasury Bills quoted on a bank discount basis and expressed as a decimal, "N" refers to 365 or 366, as the case may be, and "M" refers to the actual number of days in the applicable interest reset period.

Prime Rate Notes

Prime Rate notes will bear interest at the interest rate (calculated with reference to the Prime Rate and the spread or spread multiplier, if any) specified in the Prime Rate notes and in an applicable pricing supplement, except that the initial interest rate for each Prime Rate note will be the rate specified in the applicable pricing supplement. The calculation agent will determine the Prime Rate for each interest reset period on each Prime Rate Interest determination date.

Unless otherwise specified in an applicable pricing supplement, "Prime Rate" means, with respect to any Prime Rate Interest determination date, the rate published in H.15(519) for that date under the

caption "Bank Prime Loan" or, if not so published by 3:00 P.M., New York City time, on the calculation date pertaining to that Prime Rate Interest determination date, the rate on that Prime Rate Interest determination date as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying the applicable rate, under the caption "Bank Prime Loan".

The following procedures will be followed if the Prime Rate cannot be determined as described above:

If neither rate is so published by 3:00 P.M., New York City time, on the calculation date, the Prime Rate for that Prime Rate Interest determination date will be calculated by the calculation agent as the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen USPRIME1 (as defined below) as such bank's prime rate or base lending rate as of 11:00 A.M., New York City time, on such Prime Rate Interest determination date.

If fewer than four rates appear on the Reuters Screen USPRIME1 for that Prime Rate Interest determination date, the rate shall be the arithmetic mean of the prime rates quoted on the basis of the actual number of days in the year divided by 360 as of the close of business on that Prime Rate Interest determination date by three major banks (which may include one or more of the agents or their affiliates) in The City of New York selected by the calculation agent (after consultation with us).

If the banks selected by the calculation agent are not quoting as mentioned in the preceding paragraph, the "Prime Rate" for the interest reset period will be the same as the Prime Rate for the immediately preceding interest reset period (or, if there was no such interest reset period, the rate of interest payable on the Prime Rate notes for which the Prime Rate is being determined shall be the initial interest rate).

Unless otherwise specified in the applicable pricing supplement, "Reuters Screen USPRIME1" means the display designated as page "USPRIME1" on the Reuters Monitor Money Rates Service or any successor service or page for the purpose of displaying prime rates or base lending rates of major United States banks.

CMT Rate Notes

CMT Rate notes will bear interest at the interest rate (calculated with reference to the CMT Rate and the spread or spread multiplier, if any) specified in the CMT Rate notes and in the applicable pricing supplement. The calculation agent will determine the CMT Rate on each CMT Interest determination date.

Unless otherwise specified in the applicable pricing supplement, "CMT Rate" means, with respect to any CMT Interest determination date relating to a CMT Rate note or any floating rate note for which the interest rate is determined with reference to the CMT Rate, if CMT Telerate Page 7051 is specified in the applicable pricing supplement:

- (a) the percentage equal to the yield for United States Treasury securities at "constant maturity" having the index maturity specified in the applicable pricing supplement as published in H.15(519) under the caption "Treasury Constant Maturities", as the yield is displayed on Moneyline Telerate (or any successor service) on page 7051 (or any other page as may replace the specified page on that service) ("Telerate Page 7051"), for that CMT Interest determination date, or
- (b) if the rate referred to in clause (a) does not so appear on Telerate Page 7051, the percentage equal to the yield for United States Treasury securities at "constant maturity" having

the particular index maturity and for that CMT Interest determination date as published in H.15(519) under the caption "Treasury Constant Maturities", or

(c) if the rate referred to in clause (b) does not so appear in H.15(519), the rate on that CMT Interest determination date for the period of the particular index maturity as may then be published by either the Federal Reserve System Board of Governors or the United States Department of the Treasury that the calculation agent determines to be comparable to the rate which would otherwise have been published in H.15(519), or

(d) if the rate referred to in clause (c) is not so published, the rate on that CMT Interest determination date calculated by the calculation agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 P.M., New York City time, on that CMT Interest determination date of three leading primary United States government securities dealers in The City of New York (which may include one or more of the agents or their affiliates) (each, a "Reference Dealer"), selected by the calculation agent from five Reference Dealers selected by the calculation agent and eliminating the highest quotation, or, in the event of equality, one of the highest, and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity equal to the particular index maturity, a remaining term to maturity no more than one year shorter than that index maturity and in a principal amount that is representative for a single transaction in the securities in that market at that time, or

(e) if fewer than five but more than two of the prices referred to in clause (d) are provided as requested, the rate on that CMT Interest determination date calculated by the calculation agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations shall be eliminated, or

(f) if fewer than three prices referred to in clause (d) are provided as requested, the rate on that CMT Interest determination date calculated by the calculation agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on that CMT Interest determination date of three Reference Dealers selected by the calculation agent from five Reference Dealers selected by the calculation agent and eliminating the highest quotation or, in the event of equality, one of the highest and the lowest quotations or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity greater than the particular index maturity, a remaining term to maturity closest to that index maturity and in a principal amount that is representative for a single transaction in the securities in that market at that time, or

(g) if fewer than five but more than two prices referred to in clause (f) are provided as requested, the rate on that CMT Interest determination date calculated by the calculation agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations will be eliminated, or

(h) if fewer than three prices referred to in clause (f) are provided as requested, the CMT Rate in effect on that CMT Interest determination date;

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if CMT Telerate Page 7052 is specified in the applicable pricing supplement:

- (a) the percentage equal to the one-week or one-month, as specified in the applicable pricing supplement, average yield for United States Treasury securities at "constant maturity" having the index maturity specified in the applicable pricing supplement as published in H.15(519) opposite the caption "Treasury Constant Maturities", as the yield is displayed on Moneyline Telerate (or any successor service) (on page 7052 or any other page as may replace the specified page on that service) ("Telerate Page 7052"), for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which that CMT Interest determination date falls, or
- (b) if the rate referred to in clause (a) does not so appear on Telerate Page 7052, the percentage equal to the one-week or one-month, as specified in the applicable pricing supplement, average yield for United States Treasury securities at "constant maturity" having the particular index maturity and for the week or month, as applicable, preceding that CMT Interest determination date as published in H.15(519) opposite the caption "Treasury Constant Maturities", or
- (c) if the rate referred to in clause (b) does not so appear in H.15(519), the one-week or one-month, as specified in the applicable pricing supplement, average yield for United States Treasury securities at "constant maturity" having the particular index maturity as otherwise announced by the Federal Reserve Bank of New York for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which that CMT Interest determination date falls, or
- (d) if the rate referred to in clause (c) is not so published, the rate on that CMT Interest determination date calculated by the calculation agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 P.M., New York City time, on that CMT Interest determination date of three Reference Dealers selected by the calculation agent from five Reference Dealers selected by the calculation agent and eliminating the highest quotation or, in the event of equality, one of the highest, and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity equal to the particular index maturity, a remaining term to maturity no more than one year shorter than that index maturity and in a principal amount that is representative for a single transaction in the securities in that market at that time, or
- (e) if fewer than five but more than two of the prices referred to in clause (d) are provided as requested, the rate on that CMT Interest determination date calculated by the calculation agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations shall be eliminated, or
- (f) if fewer than three prices referred to in clause (d) are provided as requested, the rate on that CMT Interest determination date calculated by the calculation agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on that CMT Interest determination date of three Reference Dealers selected by the calculation agent from five Reference Dealers selected by the calculation agent and eliminating the highest quotation or, in the event of equality, one of the highest and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity greater than the particular index maturity, a remaining term to maturity closest to that index maturity and in a principal amount that is representative for a single transaction in the securities in that market at the time, or
- (g) if fewer than five but more than two prices referred to in clause (f) are provided as requested, the rate on that CMT Interest determination date calculated by the calculation agent

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based on the arithmetic mean of the bid prices obtained and neither the highest or the lowest of the quotations will be eliminated, or

(h) if fewer than three prices referred to in clause (f) are provided as requested, the CMT Rate in effect on that CMT Interest determination date.

If two United States Treasury securities with an original maturity greater than the index maturity specified in the applicable pricing supplement have remaining terms to maturity equally close to the particular index maturity, the quotes for the United States Treasury security with the shorter original remaining term to maturity will be used.

J.J. Kenny Rate Notes

J.J. Kenny Rate notes will bear interest at the interest rate (calculated with reference to the J.J. Kenny Rate and the spread or spread multiplier, if any) specified in the J.J. Kenny Rate notes and the applicable pricing supplement. The calculation agent will determine the J.J. Kenny Rate on each J.J. Kenny Interest determination date.

The J.J. Kenny Rate will be the per annum rate on the date equal to the index made available and subsequently published by Kenny Information Systems or its successor. The rate will be based upon 30-day yield evaluations at par of bonds of not less than five "high grade" component issuers. The bonds evaluated will be bonds on which the interest is excludable from gross income for federal income tax purposes under the Internal Revenue Code of 1986. Kenny Information Systems will select such issuers from time to time, including issuers of general obligation bonds. However, the bonds on which the index is based will not include any bonds the interest on which may trigger an "alternative minimum tax" or similar tax under the Code, unless such tax may be imposed on all tax-exempt bonds.

The following procedure will be followed if the J.J. Kenny Rate cannot be determined as described above:

If the rate is not made available by 3:00 P.M., New York City time, on the calculation date pertaining to that J.J. Kenny Interest determination date, the J.J. Kenny Rate will be the rate quoted by a successor indexing agent selected by the calculation agent (after consultation with us). This rate will be equal to the prevailing rate for bonds included in the highest short-term rating category by Moody's Investors Service, Inc. and Standard & Poor's Corporation for issuers selected by such successor indexing agent most closely resembling the "high grade" component issuers selected by Kenny Information Systems. The bonds for which rates are quoted will be bonds that may be tendered by their holders for purchase on not more than seven days' notice and the interest on which:

is variable on a weekly basis;

is excludable from gross income for federal income tax purposes under the Code; and

does not give rise to an "alternate minimum tax" or similar tax under the Code, unless all tax-exempt bonds give rise to such a tax.

If a successor indexing agent is not available, the J.J. Kenny Rate on the J.J. Kenny Interest determination date will be the J.J. Kenny Rate for the immediately preceding interest reset period. If there was no such interest reset period, the J.J. Kenny Rate will be the initial interest rate.

Eleventh District Cost of Funds Rate Notes

Eleventh District Cost of Funds Rate notes will bear interest at the interest rate (calculated with reference to the Eleventh District Cost of Funds Rate and the spread or spread multiplier, if any)

specified in the Eleventh District Cost of Funds Rate notes and in the applicable pricing supplement. The calculation agent will determine the Eleventh District Cost of Funds Rate on each Eleventh District Cost of Funds Interest determination date.

The Eleventh District Cost of Funds Rate will be the rate equal to the monthly weighted average cost of funds for the calendar month immediately preceding the month in which the Eleventh District Cost of Funds Interest determination date falls as set forth under the caption "11th District" on the display on Moneyline Telerate (or any successor service) on page 7058 (or any other page as may replace the specified page on that service) ("Telerate Page 7058") as of 11:00 A.M., San Francisco time, on the Eleventh District Cost of Funds Interest determination date.

The following procedures will be followed if the Eleventh District Cost of Funds Rate cannot be determined as described above:

If the rate does not appear on Telerate page 7058 on any related Eleventh District Cost of Funds Interest determination date, the Eleventh District Cost of Funds Rate for the Eleventh District Cost of Funds Interest determination date will be the Eleventh District Cost of Funds Rate Index.

If the FHLB of San Francisco fails to announce the rate for the calendar month next preceding the Eleventh District Cost of Funds Interest determination date, then the Eleventh District Cost of Funds Rate for that date will be the Eleventh District Cost of Funds Rate in effect on that Eleventh District Cost of Funds Interest determination date.

The "Eleventh District Cost of Funds Rate Index" will be the monthly weighted average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District that the FHLB of San Francisco most recently announced as the cost of funds for the calendar month immediately preceding the Eleventh District Cost of Funds Interest determination date.

EURIBOR Notes

EURIBOR notes will bear interest at the interest rate (calculated with reference to EURIBOR and the spread or spread multiplier, if any) specified in the EURIBOR notes and in the applicable pricing supplement. The calculation agent will determine EURIBOR on each EURIBOR determination date.

On a EURIBOR determination date, the calculation agent will determine EURIBOR for each interest reset period as follows:

The calculation agent will determine the offered rates for deposits in Euros for the period of the index maturity specified in the applicable pricing supplement, commencing on the interest reset date, which appears on page 248 on Moneyline Telerate, or any successor service or any page that may replace page 248 on that service, which is commonly referred to as "Telerate Page 248" as of 11:00 A.M., Brussels time, on that date.

If EURIBOR cannot be determined on a EURIBOR determination date as described above, then the calculation agent will determine EURIBOR as follows:

The calculation agent will select four major banks in the Euro-zone interbank market.

The calculation agent will request that the principal Euro-zone offices of those four selected banks provide their offered quotations to prime banks in the Euro-zone interbank market at approximately 11:00 A.M., Brussels time, on the EURIBOR determination date. These quotations shall be for deposits in Euros for the period of the specified index maturity, commencing on such interest reset date. Offered quotations must be based on a principal

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amount equal to at least \$1,000,000 or the approximate equivalent in Euros that is representative of a single transaction in such market at such time.

(1) If two or more quotations are provided, EURIBOR for the interest reset period will be the arithmetic mean of the quotations.

(2) If fewer than two quotations are provided, the calculation agent will select four major banks in the Euro-zone and follow the steps in the two bullet points below.

The calculation agent will then determine EURIBOR for the interest reset period as the arithmetic mean of rates quoted by those four major banks in the Euro-zone to leading European banks at approximately 11:00 A.M., Brussels time, on the EURIBOR determination date. The rates quoted will be for loans in Euros, for the period of the specified index maturity, commencing on the interest reset date. Rates quoted must be based on a principal amount of at least \$1,000,000 or the approximate equivalent in Euros that is representative of a single transaction in such market at such time.

If the banks so selected by the calculation agent are not quoting rates as described above, EURIBOR for the interest reset period will be the same for the immediately preceding interest reset period. If there was no such interest reset period, EURIBOR will be the initial interest rate.

"Euro-zone" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.

Subsequent Interest Periods

We will provide in the applicable pricing supplement relating to each note whether we will have the option to reset the interest rate, or the spread, spread multiplier, or method of calculation, as the case may be, for the note. If we have the option to reset, the pricing supplement will also indicate the optional reset date or dates on which the interest rate or the spread, spread multiplier, or method of calculation, as the case may be, may be reset.

We will notify the trustee whether or not we intend to exercise the option relating to the note at least 45 but not more than 60 days prior to an optional reset date for the note. Not later than 40 days prior to the optional reset date, the trustee will mail to the holder of the note a reset notice first class, postage prepaid, indicating whether we have elected to reset the interest rate, or the spread, spread multiplier or method of calculation, as the case may be.

If we elect to reset the interest rate, or the spread, spread multiplier or method of calculation, as the case may be, the trustee will mail to the holder in a manner described above a notice indicating the new interest rate or the new spread, spread multiplier or method of calculation, as the case may be. The notice will also indicate any provisions for redemption during the subsequent interest period. The subsequent interest period is the period from the optional reset date to the next optional reset date or, if there is no such next optional reset date, to the stated maturity of the note, including the date or dates on which or the period or periods during which and the price or prices at which redemption may occur during the subsequent interest period.

Upon the transmittal by the trustee of a reset notice to the holder of a note, the new interest rate or the new spread, spread multiplier or method of calculation, and/or method of calculation, as the case may be, will take effect automatically. Except as modified by the reset notice and as described below, the note will have the same terms as prior to the transmittal of the reset notice.

Despite the foregoing, not later than 20 days prior to an optional reset date for a note, we may, at our option, revoke the interest rate, or the spread or spread multiplier, provided for in the reset notice

relating to the optional reset date and establish a higher interest rate, or a higher spread or spread multiplier, as applicable, for the subsequent interest period commencing on the optional reset date.

We can make the revocations by causing the trustee to mail notice of the higher interest rate or higher spread or spread multiplier, as the case may be, first class, postage prepaid, to the holder of the note. The notice will be irrevocable. All notes for which the interest rate or spread or spread multiplier is reset on an optional reset date will bear the higher interest rate, or higher spread, spread multiplier, as the case may be, whether or not tendered for repayment.

The holder of a note will have the option to elect repayment of the note by us on each optional reset date at a price equal to the principal amount of the note plus interest accrued to the optional reset date. In order for a note to be repaid on an optional reset date, the holder of the note must follow the procedures set forth above under "Redemption and Repurchase" for optional repayment. However, the period for delivery of the note or notification to the trustee for the note will be at least 25 but not more than 35 days prior to the optional reset date. Further, a holder who has tendered a note for repayment pursuant to a reset notice may, by written notice to the trustee for the note, revoke any tender for repayment until the close of business on the tenth day prior to the optional reset date.

Renewable Notes

We may also issue from time to time variable rate renewable notes that will bear interest at the interest rate (calculated with reference to a base rate and the spread or spread multiplier, if any) specified in the renewable notes and in the applicable pricing supplement.

The renewable notes will mature on an interest payment date as specified in the applicable pricing supplement (the "initial maturity date"), unless the maturity of all or any portion of the principal amount thereof is extended in accordance with the procedures described below. On the interest payment dates specified in the applicable pricing supplement (each such interest payment date, an "election date"), the maturity of the renewable notes will be extended to the interest payment date occurring twelve months after the election date, unless the holder thereof elects to terminate the automatic extension of the maturity of the renewable notes or of any portion thereof having a principal amount of \$1,000 or any multiple of \$1,000 in excess thereof by delivering a notice to that effect to the trustee not less than nor more than a number of days to be specified in the applicable pricing supplement prior to the election date. If no such notice period is specified in the applicable pricing supplement, such notice shall be given no less than 30 days nor more than 60 days prior to the election date. This option may be exercised with respect to less than the entire principal amount of the renewable notes; provided that the principal amount for which the option is not exercised is at least \$1,000 or any larger amount that is an integral multiple of \$1,000. Notwithstanding the foregoing, the maturity of the renewable notes may not be extended beyond the final maturity date, as specified in the applicable pricing supplement. If the holder elects to terminate the automatic extension of the maturity of any portion of the principal amount of the renewable notes and the election is not revoked as described below, that portion will become due and payable on the interest payment date falling six months (unless another period is specified in the applicable pricing supplement) after the election date prior to which the holder made the election.

An election to terminate the automatic extension of maturity may be revoked as to any portion of the renewable notes having a principal amount of \$1,000 or any multiple of \$1,000 in excess thereof by delivering a notice to that effect to the trustee on any day following the effective date of the election to terminate the automatic extension of maturity and prior to the date 15 days before the date on which the portion would otherwise mature. A revocation may be made for less than the entire principal amount of the renewable notes for which the automatic extension of maturity has been terminated; provided that the principal amount of the renewable notes for which the automatic extension of maturity has been terminated and for which such a revocation has not been made is at least \$1,000 or

any larger amount that is an integral multiple of \$1,000. Notwithstanding the foregoing, a revocation may not be made during the period from and including a record date to but excluding the immediately succeeding interest payment date.

An election to terminate the automatic extension of the maturity of the renewable notes, if not revoked as described above by the holder making the election or any subsequent holder, will be binding upon the subsequent holder.

The renewable notes may be redeemed in whole or in part at our option on the interest payment dates in each year specified in the applicable pricing supplement, commencing with the interest payment date specified in the applicable pricing supplement, at a redemption price as stated in the applicable pricing supplement, together with accrued and unpaid interest to the date of redemption. Notwithstanding anything to the contrary in this prospectus supplement, notice of redemption will be provided by mailing a notice of redemption to each holder by first class mail, postage prepaid, at least 180 days (unless otherwise specified in the applicable pricing supplement) prior to the date fixed for redemption.

Discount Notes

Discount notes, and possibly other notes, may be issued at a price less than their "stated redemption price at maturity" or may have certain interest payment characteristics that may result in the notes being treated as issued with original issue discount for United States Federal income tax purposes. See "Material United States Federal Tax Considerations." Discount notes may bear no interest, except in the case of a default in payment of principal upon acceleration, redemption, or repurchase (if applicable), or may bear no interest for a specified period following the date of issue or may bear interest at a rate that at the time of issuance is below market rates. If any maturity of a discount note which bears no interest falls on a day that is not a business day with respect to the discount note, the payment due at maturity will be made on the following day that is a business day with respect to the discount note as if it were made on the date the payment was due and no interest shall accrue on the amount so payable for the period from and after maturity.

In the case of a default in payment of principal upon acceleration or redemption (if applicable) or at stated maturity, the accreted value (as defined below) of discount notes at the date of such default in payment shall bear interest at the "yield to maturity" specified in the applicable note (to the extent that the payment of the interest shall be legally enforceable), which shall accrue from the date of the default in payment to the date payment of the principal has been made or duly provided for. Interest will be computed on the basis of a 360-day year of twelve 30-day months, compounded semiannually.

The "accreted value" of a discount note at any date shall be equal to (i) the original issue price of the note plus (ii) the accrued amortization of original issue discount of the note attributable ratably on a daily basis to the period from and including the original issue date to but excluding such date. The calculation of accrual of original issue discount will be computed on the basis of a 360-day year of twelve 30-day months, compounded semiannually.

If an event of default with respect to a discount note occurs and is continuing, a portion of the principal of the note may be declared due and payable in the manner and to the effect provided in the indenture. This portion shall be equal to the accreted value of the note at the time of the declaration. Upon payment (i) of the accreted value and (ii) of interest on any overdue accreted value (to the extent that the payment of interest shall be legally enforceable), all of our obligations in respect of the payment of the principal of and interest, if any, on the note shall terminate.

If a bankruptcy case is commenced by or against us under the United States Bankruptcy Code (the "Bankruptcy Code"), it is likely that a portion of the face amount of a discount note would be treated as interest and the unamortized portion thereof would be treated as unamortized interest under

Section 502(b)(2) of the Bankruptcy Code. Unmatured interest is not allowable as part of a claim under Section 502(b)(2) of the Bankruptcy Code. Although it is impossible to predict accurately what portion, if any, of the face amount of a discount note would be treated as unmaturing interest, one possible result is that the bankruptcy court might determine the amount of unmaturing interest on the note by reference to the amount of amortized original issue discount of the note for tax purposes or the unamortized debt discount of the note for financial accounting purposes. Each method may yield a substantially different result.

Holders of notes issued with original issue discount will be required to include the amount of original issue discount in income in accordance with applicable provisions of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder. See "Material United States Federal Tax Considerations." Certain United States Federal tax considerations and other considerations applicable to any discount notes may be described in an applicable pricing supplement.

Currency Indexed Notes

We may also issue from time to time notes with the principal amount payable on any principal payment date, or the amount of interest payable on any interest payment date, to be determined by reference to the value of one or more currencies (or composite currencies or currency units).

The applicable pricing supplement will set forth:

information as to the one or more currencies (or composite currencies or currency units) to which the principal amount payable on any principal payment date or the amount of interest payable on any interest payment date is indexed;

the denominated currency of the note;

the payment currency of the note;

any material currency risks relating to the specific currencies selected; and

certain additional tax considerations, if any.

The denominated currency and the payment currency may be the same currency or different currencies. Unless otherwise specified in the applicable pricing supplement, interest on currency indexed notes shall be paid in the denominated currency based on the face amount of the note at the rate per annum and on the dates set forth in the applicable pricing supplement. Currency indexed notes may include, but are not limited to, notes of the types described below. An investment in a currency indexed note involves special tax considerations. See "Material United States Federal Tax Considerations." Certain United States Federal tax considerations and other considerations applicable to any currency indexed notes may be described in an applicable pricing supplement.

Currency Linked Securities ("CLS")

CLS are notes pursuant to which the principal amount payable at stated maturity equals the payment currency equivalent at stated maturity of a fixed amount of a designated currency (or composite currency or currency units) (referred to herein as the "indexed currency"). Generally, the fixed amount of indexed currency to which the principal of a CLS will be linked will be approximately equal in value to the face amount of the CLS in the denominated currency based on the exchange rate between the indexed currency and the denominated currency in effect at the time of pricing. The denominated currency, the indexed currency and the payment currency will be identified in the applicable pricing supplement. In addition, the fixed amount of the indexed currency to which the principal of the CLS is linked will be set forth in the applicable pricing supplement for a specific representative face amount of the CLS as well as for the aggregate face amount of all CLS forming part of the same issue.

Holders of CLS may receive an amount of principal greater than, less than or equal in value to the face amount of CLS, depending on the change, if any, from the issue date to the date which is two exchange rate days (as defined below) prior to stated maturity, in the relative exchange rates of the denominated currency, the payment currency and the indexed currency.

If the payment currency and the indexed currency are not the same, the payment currency equivalent of the indexed currency amount on any date shall be determined in the manner specified in the applicable pricing supplement.

Reverse Currency Linked Securities ("Reverse CLS")

Reverse CLS are notes pursuant to which the principal amount payable at stated maturity equals the payment currency equivalent at stated maturity of a fixed amount of a designated currency (or composite currencies or currency units) (the "first indexed currency") minus the amount of the payment currency equivalent at stated maturity of a fixed amount of another designated currency (or composite currency or currency units) (the "second indexed currency"). The minimum principal amount payable at stated maturity shall be zero. Generally, the fixed amount of the first indexed currency to which the principal of a Reverse CLS will be linked will be approximately equal in value to twice the face amount of the Reverse CLS in the denominated currency, and the fixed amount of the second indexed currency to which the principal of a Reverse CLS will be linked will be approximately equal in value to the face amount of the Reverse CLS in the denominated currency, in each case based on the exchange rate between each indexed currency and the denominated currency in effect at the time of pricing.

Holders of Reverse CLS may receive an amount of principal greater than, less than (with a minimum of zero) or equal in value to the face amount of the Reverse CLS, depending on the change, if any, from the issue date to the date which is two exchange rate days prior to stated maturity in the relative exchange rates of the denominated currency, the payment currency and the first and second indexed currencies.

The denominated currency, the first and second indexed currencies and the payment currency will be identified in the applicable pricing supplement. In addition, the fixed amounts of the first and second indexed currencies to which the principal of the Reverse CLS is linked shall be set forth in the applicable pricing supplement for a specific representative face amount of the Reverse CLS as well as for the aggregate face amount of all Reverse CLS forming part of the same issue.

If the payment currency and the first indexed currency or the second indexed currency are not the same, the payment currency equivalent of the first indexed currency amount or the second indexed currency amount, as the case may be, on any date shall be determined in the manner specified in the applicable pricing supplement.

Multicurrency Currency Linked Securities ("Multicurrency CLS")

Multicurrency CLS are notes pursuant to which the principal amount payable at stated maturity equals the payment currency equivalent at stated maturity of a fixed amount of a designated currency (or composite currency or currency units) (the "first indexed currency") plus or minus the payment currency equivalent at stated maturity of a fixed amount of a second designated currency (or composite currency or currency units) (the "second indexed currency") plus or minus the payment currency equivalent at stated maturity of a fixed amount of a third designated currency (or composite currency or currency units) (the "third indexed currency"). The minimum principal amount payable at stated maturity shall be zero. Generally, the added and subtracted fixed amounts of the first, second and third indexed currencies to which the principal of a Multicurrency CLS will be linked will have an aggregate value approximately equal to the face amount of the Multicurrency CLS in the denominated currency based on exchange rates between each indexed currency and the denominated currency in effect at the time of pricing.

Holders of Multicurrency CLS may receive an amount of principal greater than, less than (with a minimum of zero) or equal in value to the face amount of the Multicurrency CLS, depending on the change, if any, from the issue date to the date which is two exchange rate days prior to maturity in the relative exchange rates for the denominated currency, the payment currency and the first, second and third indexed currencies.

The denominated currency, each indexed currency, the payment currency and whether the fixed amounts of the second and third indexed currencies are to be added or subtracted to determine the principal amount payable at stated maturity of the Multicurrency CLS shall be set forth in the applicable pricing supplement. In addition, the fixed amounts of the first, second and third indexed currencies to which the principal of the Multicurrency CLS is linked shall be set forth in the applicable pricing supplement for a specific representative face amount of the Multicurrency CLS as well as for the aggregate face amount of all Multicurrency CLS forming part of the same issue. As used herein, "added indexed currency" means the first indexed currency and any other indexed currency that is added to determine the principal amount payable at maturity of the Multicurrency CLS and a "subtracted indexed currency" means an indexed currency that is subtracted to determine the principal amount payable at stated maturity of the Multicurrency CLS.

If any added indexed currency or subtracted index currency is not the same as the payment currency, the payment currency equivalent of the added indexed currency amount or subtracted index currency amount, as the case may be, on any date shall be determined in the manner specified in the applicable pricing supplement.

Payments upon Acceleration of Maturity

If the principal amount payable at the stated maturity of any CLS, Reverse CLS or Multicurrency CLS shall be declared due and payable prior to its stated maturity, the amount payable with respect to the note will be paid in the denominated currency and will equal the face amount of the note plus accrued interest to but excluding the date of payment.

Notes Linked to Commodity Prices, Equity Indices or Other Factors

We may issue from time to time notes with the principal amount payable on any principal payment date, or the amount of interest payable on any interest payment date, to be determined by reference to one or more commodity prices, equity indices or other factors and on any other terms as may be set forth in the applicable pricing supplement.

Payments on Amortizing Notes

We may also issue notes, from time to time, as amortizing notes. "Amortizing notes" are notes for which payments of principal and interest are made in equal installments over the life of the note. Interest on each amortizing note will be computed on the basis of a 360-day year of twelve 30-day months. Payments with respect to amortizing notes will be applied first to interest due and payable thereon and then to the reduction of the unpaid principal amount thereof. A table setting forth repayment information in respect of each amortizing note will be provided to the original purchaser and will be available, upon request, to subsequent holders.

Extension of Maturity

We will provide in the applicable pricing supplement relating to each note whether we have the option to extend the stated maturity of the note for one or more whole year periods (each an "extension period") up to but not beyond the final maturity date set forth in such pricing supplement and the basis or formula, if any, for setting the interest rate or the spread or spread multiplier, as the case may be, applicable to any such extension period.

We may exercise the option with respect to a note by notifying the trustee of the exercise at least 45 but not more than 60 days prior to the original stated maturity date of the note in effect prior to the exercise of the option. No later than 40 days prior to the original stated maturity date, the trustee will mail to the holder of the note an extension notice relating to the extension period, first class, postage prepaid, setting forth:

our election to extend the stated maturity of the note;

the new stated maturity;

in the case of a fixed rate note, the interest rate applicable to the extension period;

in the case of a floating rate note, the spread or spread multiplier applicable to the extension period; and

the provisions, if any, for redemption during the extension period, including the date or dates on which or the period or periods during which and the price or prices at which the redemption may occur during the extension period.

Upon the mailing by the trustee of an extension notice to the holder of a note, the stated maturity of the note shall be extended automatically as set forth in the extension notice, and, except as modified by the extension notice and as described in the next paragraph, the note will have the same terms as prior to the mailing of the extension notice.

Despite the above, not later than 20 days prior to the original stated maturity date for a note, we may, at our option, revoke the interest rate, in the case of a fixed rate note, or the spread or spread multiplier, in the case of a floating rate note, provided for in the extension notice and establish a higher interest rate, in the case of a fixed rate note, or a higher spread or spread multiplier, in the case of a floating rate note, for the extension period by mailing or causing the trustee to mail notice of such higher interest rate or higher spread or spread multiplier, as the case may be, first class, postage prepaid, to the holder of the note. The notice shall be irrevocable. All notes with respect to which the original stated maturity date is extended will bear the higher interest rate, in the case of a fixed rate note, or higher spread or spread multiplier, in the case of a floating rate note, for the extension period.

If we elect to extend the stated maturity of a note, the holder of the note may, if provided for in the applicable pricing supplement, have the option to elect repurchase of the note by us on the original stated maturity date at a price equal to the principal amount thereof plus any accrued interest to that date. In order for a note to be so repurchased on the original stated maturity date, the holder thereof

must follow the procedures set forth above under "Redemption and Repurchase" for repurchase at the option of the holder, except that the period for delivery of the note or notification to the trustee shall be at least 30 but not more than 35 business days prior to the original stated maturity date and except that a holder who has tendered a note for repurchase pursuant to an extension notice may, by written notice to the trustee, revoke the tender for repayment until the close of business on the tenth day prior to the original stated maturity date.

Book-Entry Notes

Upon issuance, all book-entry notes having the same original issue date, stated maturity and otherwise having identical terms and provisions will be represented by a single global security. If a single global security would exceed \$500,000,000 in aggregate principal amount, one global security will be issued to represent each \$500,000,000 of aggregate principal amount and an additional global security will be issued to represent any remaining principal amount. Each global security representing book-entry notes will be deposited with, or on behalf of, the depository and will be registered in the name of the depository or a nominee of the depository. Except as set forth below, a global security may not be transferred except as a whole by the depository to a nominee of the depository or by a nominee of the depository to the depository or another nominee of the depository or by the depository or any nominee to a successor of the depository or a nominee of such successor.

The Depository Trust Company, New York, New York ("DTC") will be the initial depository with respect to the book-entry notes. DTC has advised us and the agents that it is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provision of Section 17A of the Exchange Act. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates settlement of securities transactions among its Participants, such as transfers and pledges in deposited securities through electronic computerized book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, including the agents. DTC is owned by a number of Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of the Securities Dealers, Inc. Access to DTC's book-entry system is also available to others, such as banks, securities brokers and dealers and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants").

Purchases of book-entry notes under DTC's book-entry system must be made by or through Direct Participants, which will receive a credit for the notes on the records of DTC. The ownership interest of each actual purchaser of each book-entry note (the "Beneficial Owner") is in turn to be recorded on the Direct Participants' or Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the book-entry notes will be effected only through entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the book-entry notes, except in the event that use of the book-entry system for the book-entry notes is discontinued. The laws of some states require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and such laws may impair the ability to own, transfer or pledge beneficial interests in a global security.

To facilitate subsequent transfers, all book-entry notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of book-entry notes

with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the book-entry notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such book-entry notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

So long as DTC or its nominee is the registered owner of a global security, DTC or its nominee, as the case may be, will be considered the sole owner or holder of the book-entry notes represented by such global security for all purposes under the indenture. Except as provided below, Beneficial Owners of a global security or securities will not be entitled to have book-entry notes represented by such global security registered in their names, will not receive or be entitled to receive physical delivery of book-entry notes in definitive form and will not be considered the owners or holders thereof under the indenture. Accordingly, each person owning a beneficial interest in a global security must rely on the procedures of DTC and, if the person is not a Participant, on the procedures of the Participants through which such person owns its interest, to exercise any rights of a holder under the indenture. We understand that under existing industry practices, in the event that we request any action of holders or that an owner of a beneficial interest in the global security desires to give or take any action which a holder is entitled to give or take under the indenture, DTC would authorize the Participants holding the relevant beneficial interests to give or take the action, and the Participants would authorize Beneficial Owners owning through the Participants to give or to take the action or would otherwise act upon the instructions of Beneficial Owners. Conveyance of notices and other communications by DTC to Participants, by Participants to Indirect Participants, and by Participants and Indirect Participants to Beneficial Owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Payments of principal of and interest, if any, on the book-entry notes represented by a global security will be made to DTC. Neither we, the trustee, nor any other agent of ours or agent of the trustee will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests of a global security or for maintaining, supervising or reviewing any records relating to the beneficial ownership interests. DTC's practice is to credit the accounts of the Direct Participants with payment in amounts proportionate to their respective holdings in principal amount of beneficial interest in the global security as shown on the records of DTC, unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of the Participants.

Redemption notices shall be sent to Cede & Co. If less than all of the notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the issue to be redeemed.

DTC may discontinue providing its services as securities depository, with respect to the notes, at any time by giving reasonable notice to us. If at any time:

- (i) DTC is unwilling or unable to continue as depository and a successor depository is not appointed by us within 90 days, or
- (ii) we determine in our discretion not to have the book-entry notes represented by the global security or securities and deliver to the trustee an order to that effect;

then the global security or securities will be exchangeable for definitive notes of like tenor and of an equal aggregate principal amount, in denominations of \$1,000 and integral multiples thereof. The definitive notes shall be registered in such name or names as DTC shall instruct the trustee. It is

expected that the instructions may be based upon directions received by DTC from Participants with respect to ownership of beneficial interests in global securities.

MATERIAL UNITED STATES FEDERAL TAX CONSIDERATIONS

The following is a summary of the material United States Federal tax consequences of the acquisition, ownership, and disposition of notes to beneficial owners of the notes that purchase notes upon their original issuance at their "issue price," as defined below. This summary is based on existing law, which is subject to change, possibly retroactively. This discussion does not address all aspects of United States Federal taxation that may be important to a particular holder in light of the holder's personal circumstances, such as holders that hold notes as a position in a "straddle," "hedge," or "appreciated financial position" for Federal income tax purposes, United States Holders, as defined below, that have a functional currency other than the United States dollar, or holders subject to special treatment under Federal tax law, including financial institutions, insurance companies, tax-exempt organizations, broker-dealers, certain former citizens or former long-term residents of the United States, partnerships or other pass-through entities, hybrid entities, and certain trusts. This discussion does not address the Federal estate (except as set forth below with respect to Non-United States Holders) or gift tax laws or any aspects of foreign, state, or local tax laws. This summary assumes that purchasers will hold the notes as "capital assets" as defined in the Internal Revenue Code of 1986, as amended (the "Code"). Prospective investors are urged to consult their tax advisors regarding the Federal tax consequences of acquiring, holding, and disposing of notes in light of their particular situations, as well as any tax consequences that may arise under the laws of any foreign, state, local, or other taxing jurisdiction.

The specific United States Federal income tax consequences of acquiring, holding and disposing of certain notes with special features, such as notes with respect to which we have the option to reset the interest rate, spread, spread multiplier, or method of calculation, renewable notes, currency indexed notes (including currency linked securities, reverse currency linked securities, and multicurrency currency linked securities), notes linked to commodity prices, equity indices, or other factors, or notes with respect to which we have the option to extend the stated maturity of the note