WALT DISNEY CO/
Form DEF 14A
January 13, 2017

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under §240.14a-12

The Walt Disney Company

(Name of Registrant as Specified In Its Charter)

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January 13, 2017

Dear Fellow Shareholder,

I am pleased to invite you to our 2017 Annual Meeting of shareholders, which will be held on Wednesday, March 8, 2017, at 10 a.m. at the Bellco Theatre at the Colorado Convention Center in Denver, Colorado.

At the meeting, we will be electing 11 members of our Board of Directors. We will also be considering ratification of the selection of PricewaterhouseCoopers LLP as our independent registered public accountants, an advisory vote to approve executive compensation, an advisory vote on the frequency of votes on executive compensation and two shareholder proposals.

You may vote your shares using the Internet or the telephone by following the instructions on page 66 of the proxy statement. Of course, you may also vote by returning a proxy card or voting instruction form if you received a paper copy of this proxy statement.

If you wish to attend the meeting in person, you will need to obtain an admission ticket in advance. You can obtain a ticket by following the instructions on page 67 of the proxy statement. If you cannot attend the meeting, you can still listen to the meeting, which will be webcast and available on our Investor Relations website.

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

Sincerely,

Robert A. Iger
Chairman and Chief Executive Officer

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The 2017 Annual Meeting of shareholders of The Walt Disney Company will be held:

Wednesday, March 8, 2017
10:00 a.m. Local Time
Bellco Theatre at the Colorado Convention Center
700 14th Street
Denver, Colorado 80202

The items of business are:

1. Election of the eleven nominees named in the proxy statement as Directors, each for a term of one year.
2. Ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accountants for fiscal 2017.
3. Consideration of an advisory vote to approve executive compensation.
4. Consideration of an advisory vote on the frequency of votes on executive compensation.
5. Consideration of up to two shareholder proposals, if presented.

Shareholders of record of Disney common stock (NYSE: DIS) at the close of business on January 9, 2017, are entitled to vote at the meeting and any postponements or adjournments of the meeting. A list of these shareholders is available at the offices of the Company in Burbank, California.

January 13, 2017
Burbank, California

Alan N. Braverman
Senior Executive Vice President,
General Counsel and Secretary

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on March 8, 2017

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

Your Vote is Important

Please vote as promptly as possible by using the Internet or telephone or by signing, dating and returning the Proxy Card mailed to those who receive paper copies of this proxy statement.

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The Walt Disney Company (500 South Buena Vista Street, Burbank, California 91521) is providing you with this proxy statement relating to its 2017 Annual Meeting of shareholders. We began mailing a notice on January 13, 2017 containing instructions on how to access this proxy statement and our annual report online, and we also began mailing a full set of the proxy materials to shareholders who had previously requested delivery of the materials in paper copy. References to "the Company" or "Disney" in this Proxy Statement refer to The Walt Disney Company and its consolidated subsidiaries.

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Proposals to be Voted On

The following proposals will be voted on at the Annual Meeting of shareholders.

Proposal	For More Information	Board Recommendation
Proposal 1: Election of eleven directors Susan E. Arnold, John S. Chen, Jack Dorsey, Robert A. Iger, Maria Elena Lagomasino, Fred H. Langhammer, Aylwin B. Lewis, Robert W. Matschullat, Mark G. Parker, Sheryl K. Sandberg, Orin C. Smith	Pages 55 to 59	For Each Nominee
Proposal 2: Ratification of appointment of independent registered public accountants	Page 60	For
Proposal 3: Advisory resolution on executive compensation	Page 60	For
Proposal 4: Advisory vote on frequency of votes on executive compensation	Page 61	For annual vote
Proposal 5: Shareholder proposal requesting an annual report disclosing information regarding the Company's lobbying policies and activities	Pages 61 to 63	Against
Proposal 6: Shareholder proposal requesting the Board amend the Company's Bylaws relating to proxy access to increase the number of permitted nominees, remove the limit on aggregating shares to meet the shareholding requirement, and remove the limitation on renomination of persons based on votes in a prior election	Pages 63 to 65	Against

You may cast your vote in any of the following ways:

Internet		Phone	Mail	In Person
Visit www.ProxyVote.com. You will need the 16-digit number included in your proxy card, voter instruction form or notice.	You can scan this QR code to vote with your mobile phone. You will need the 16-digit number included in your proxy card, voter instruction form or notice.	Call 1-800-690-6903 or the number on your voter instruction form. You will need the 16-digit number included in your proxy card, voter instruction form or notice.	Send your completed and signed proxy card or voter instruction form to the address on your proxy card or voter instruction form.	See below regarding Attendance at the Meeting.

Attendance at the Meeting

If you plan to attend the meeting, you must be a shareholder on the record date and obtain an admission ticket in advance following the instructions set forth on page 67 of this proxy statement. Tickets will be available to registered and beneficial owners and to one guest accompanying each registered or beneficial owner.

Requests for admission tickets will be processed in the order in which they are received and must be requested no later than March 7, 2017. Please note that seating is

limited and requests for tickets will be accepted on a first-come, first-served basis. On the day of the meeting, each shareholder will be required to present valid picture identification such as a driver's license or passport with their admission ticket. Seating will begin at 9:00 a.m. and the meeting will begin at 10:00 a.m. Cameras (including cell phones with photographic capabilities), recording devices and other electronic devices will not be permitted at the meeting. You will be required to enter through a security check point before being granted access to the meeting.

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This summary provides highlights of certain information in this proxy statement. As it is only a summary, please review the complete proxy statement and 2016 annual report before you vote.

Executive compensation in fiscal 2016 reflected the successful execution of the important strategic priorities of successfully relaunching the Star Wars franchise and opening Shanghai Disney Resort, which contributed to another year of record financial performance and set the stage for long-term future growth.

Fiscal 2016 Performance

In fiscal 2016, the Company continued to deliver consistent strong growth in our key financial metrics. This growth was driven in part by the record-breaking performance of the relaunched *Star Wars* franchise, but also reflected continued strength across all our operating businesses.

This sustained strong performance has resulted in compounded annual growth rates (CAGR) between fiscal 2014 and fiscal 2016 of 16% in diluted earnings per share (EPS), 12% in net income, 10% in segment operating income, and 7% in revenue.

Growth Rates

* For a reconciliation of segment operating income to net income, see Annex A.

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Operating income increased dramatically in the Studio Segment, reflecting the extraordinarily successful relaunch of the *Star Wars* franchise along with continued strength of the rest of the slate. The Parks and Resorts segment saw continued strong growth, with more modest growth in the Consumer Products & Interactive Media segment. Results in the Media Networks Segment were comparable to fiscal 2015 as year-over-year comparisons were impacted by the benefit of an additional week of operating income in the prior year due to our fiscal calendar.

Change in Operating Income by Segment

Consistent strong financial performance has helped drive strong total shareholder return (TSR) over the last three-, five-, and ten-year periods relative to the S&P 500. Disney's one-year TSR lagged the S&P 500 in fiscal 2016 after outperforming the S&P 500 by 143 percentage points over the previous five years.

1-, 3-, 5- and 10-Year TSR, DIS vs. S&P 500

We also significantly outperformed our Media Industry Peers (used for benchmarking purposes as described on page 19) for the three-, five-, and ten-year periods.

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1-, 3-, 5- and 10-Year TSR, DIS vs. Media Industry Peers

* Market cap-weighted TSR for The Walt Disney Company, CBS, Twenty-First Century Fox, Time Warner, Viacom, and Comcast

This outperformance is even greater if Disney itself is excluded from the Media Industry Peers, as the TSR for the other companies was 16%, 163% and 139% for the three-, five-, and ten-year periods.

Compensation Structure and Philosophy

We summarize the Compensation Committee's compensation philosophy and address Mr. Iger's fiscal 2016 compensation below. We provide a more detailed explanation of our compensation program, Mr. Iger's compensation and the compensation of other named executive officers in the Compensation Discussion and Analysis beginning on page 19.

The Compensation Committee firmly believes in pay-for-performance. Over 90% of Mr. Iger's target annual total direct compensation depends on the Company's financial results and the performance of Disney stock.

Base salary is the only fixed element of Mr. Iger's annual compensation. Substantially all other annual compensation breaks into the following performance-based categories:

A performance-based annual cash bonus opportunity that is:

(a) 70% dependent on achievement of performance against four financial measures (segment operating income, adjusted EPS, after-tax free cash flow, and return on invested capital), all of which the Compensation Committee believes drive long-term shareholder value creation; and

(b) 30% dependent on the Compensation Committee's assessment of individual contributions toward achievement of qualitative goals tied to the Company's strategic priorities.

An annual equity award, which for the Chief Executive Officer is comprised of 50% options and 50% performance-based units. The realized option value depends on the performance of Disney stock and the realized performance-unit value depends on three-year achievement of relative TSR and EPS performance.

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Fiscal 2016 Chief Executive Officer Compensation

Over the course of his tenure as Chief Executive Officer, Mr. Iger has driven spectacular financial performance and created significant shareholder value, with Disney's market capitalization increasing 223% from $45.8 billion when Mr. Iger became Chief Executive Officer in October 2005 to $147.8 billion at the end of fiscal 2016. Since fiscal 2005, Disney has achieved exceptional financial performance highlighted by:

- 13% compounded annual growth in income from continuing operations attributable to Disney
- 15% compounded annual growth in diluted EPS
- 350% increase in total shareholder return, illustrating significant outperformance relative to the S&P 500 and Media Industry Peers, whose total returns increased 123% and 187% respectively, over this period

Income from Continuing Operations Attributable to Disney

Diluted EPS (Reported)

TSR from Sept. 30, 2005 Sept. 30, 2016

* Market cap-weighted TSR for The Walt Disney Company, CBS, Twenty-First Century Fox, Time Warner, Viacom, and Comcast

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Against the backdrop of this track record of consistent strong performance, the Compensation Committee made the following decisions with respect to Mr. Iger's fiscal 2016 compensation.

Salary: The Compensation Committee left Mr. Iger's annual salary rate for fiscal 2016 unchanged, though the amount he received during the fiscal year decreased by a small amount because fiscal 2015 had 53 weeks whereas fiscal 2016 had 52 weeks.

Equity Awards: The Compensation Committee left the value of Mr. Iger's equity awards for fiscal 2016 approximately equal to the values in fiscal 2015, 2014, 2013 and 2012. Half of this equity award is in the form of performance-based stock units and half is in the form of stock options.

Non-Equity Incentive Plan Compensation: Mr. Iger's performance-based cash bonus of $20.0 million reflects performance against the four financial performance measures and qualitative goals as discussed below:

Financial Performance Measures: The Compensation Committee sets aggressive performance ranges for the four financial performance measures that are used to determine 70% of each named executive officer's bonus award and which require overall growth in financial performance in order to maintain or exceed prior-year bonus levels.

In establishing these ranges for fiscal 2016, the Compensation Committee increased both the high and the low end of each range (by as much as 24% in the case of the high end of the EPS range) except for the after-tax free cash flow measure (which was relatively unchanged due to its broad range). Taken together, these ranges thus challenged management to continue achieving substantial growth in fiscal 2016 in order to maximize bonus opportunities.

The Company delivered strong financial performance against these financial measures:

- Segment operating income grew 7% on top of 13% growth in fiscal 2015 and 21% growth in fiscal 2014.
- Adjusted EPS grew 11% on top of 19% growth in fiscal 2015 and 27% growth in fiscal 2014.
- Return on invested capital grew 60 basis points to 14.0% after growing 130 basis points in fiscal 2015.
- After-tax free cash flow grew 16% to $10.3 billion, compared with growth of 17% in fiscal 2015 and growth of 1% in fiscal 2014.

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This strong performance resulted in performance factors that ranged from 141% to 165% across the four measures. The weighted average of the four financial performance factors was 152%.

Reconciliations of segment operating income and adjusted EPS are set forth in Annex A. Return on invested capital and after-tax free cash flow are calculated as set forth on page 29.

Other Performance Factor: In setting the other performance factor for Mr. Iger, the Compensation Committee considered Mr. Iger's outstanding leadership in accomplishing two key strategic objectives that are expected to contribute significantly to future growth: the exceptional success of the Company's relaunch of the *Star Wars* franchise and the historic and successful opening of Shanghai Disney Resort. In addition, the Compensation Committee considered Mr. Iger's continued strategic leadership of the Company in advancing synergies and creative successes across the entire Company, sustaining strong financial performance and positioning the Company for robust long-term growth. Key accomplishments demonstrating this leadership included overall record-breaking Studio performance, positioning the Company to respond to and capitalize on changing patterns of media consumption enabled by technology through delivery of programming on emerging platforms, and continued emphasis on diversity. In addition, the Company was recognized by *Fortune* as one of the world's most admired companies and continued to achieve the highest ranking among media and entertainment companies in several independent studies. Taking all this into account, the Compensation Committee applied a factor of 202% to Mr. Iger's qualitative performance in fiscal 2016 versus 186% in fiscal 2015.

Despite continued strong growth and record performance, and Mr. Iger's outstanding leadership and successful execution of two key long-term strategic priorities, Mr. Iger's bonus declined $2.3 million compared to fiscal 2015, because Company growth for fiscal 2016 was not quite as strong as the Company's growth in fiscal 2015, and the performance ranges set by the Compensation Committee required greater overall growth in fiscal 2016 to maximize bonus opportunities. The following chart shows how changes in Mr. Iger's bonus were driven by performance against the Compensation Committee's performance goals (reflected in the weighted average of the financial and other performance factors multiplied by the target bonus) over the last three years.

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The rigor of the program and pay for performance alignment is further demonstrated in a comparison of the Company's performance and Mr. Iger's compensation over the last three years. As shown below, the Company's adjusted EPS grew at a compound annual growth rate of 15% from fiscal 2014 to fiscal 2016 and operating income grew at a compound annual growth rate of 10% over the period. Despite this strong growth, Mr. Iger's incentive bonus award decreased 6% and his total compensation decreased 3% on a compounded basis over this period.

Adjusted EPS	$ 4.32	$ 5.15	$ 5.72	15%
Segment Operating Income ($M)	$ 13,005	$ 14,681	$ 15,721	10%
Mr. Iger's Cash Bonus	$ 22,810,000	$ 22,340,000	$ 20,000,000	(6%)
Mr. Iger's Total Compensation	$ 46,497,018	$ 44,913,614	$ 43,882,396	(3%)

* Reconciliations of segment operating income to net income and adjusted EPS to reported EPS (diluted EPS) are set forth in Annex A.

Additional details on our compensation program and fiscal 2016 compensation can be found in the Executive Compensation section of this proxy statement beginning on page 19.

Advisory Vote on Frequency of Advisory Votes on Executive Compensation

The Board recommends that shareholders approve the continued annual advisory vote on executive compensation. Regulations permit these votes to be held either every one, two or three years, but an annual vote is normal at most companies, and the Board believes that the annual vote continues to be appropriate at Disney as well.

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Shareholder Proposals

In this year's proxy statement, you will find two shareholder proposals, one seeking additional disclosure regarding lobbying expenses and one requesting changes to our proxy access bylaw.

Lobbying Disclosure: The proposal requests the Company to provide additional disclosure regarding its political activities, including information regarding its lobbying activities. The Company already provides substantial disclosure regarding our political activities, and the additional requested disclosure would exceed that provided by many other companies, putting the Company at a disadvantage without providing meaningful new information to shareholders. The Board therefore recommends that you vote against this proposal.

Proxy Access Amendments: The proposal requests three changes to our proxy access bylaw: increasing the maximum number of directors that can be nominated to 25% of the Board; removing the limit on the number of shareholders that can be aggregated to reach the 3% threshold for submitting nominees; and removing the limitation on repeat nominations of candidates who receive less than a 25% favorable vote. The Board believes that these changes, which are outside the mainstream of current proxy access bylaws, are unnecessary and would disrupt the balanced approach reflected in our current bylaws (including the recent amendment setting the maximum number of nominees at the greater of two persons and 20% of the Board), and therefore recommends that you vote against this proposal.

You can read our detailed positions on these proposals on pages 61 to 65.

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Governing Documents

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

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

Each Committee on the Board of Directors is governed by a charter adopted by the Board of Directors.

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

The Board of Directors

The current members of the Board of Directors are:

Susan E. Arnold
John S. Chen
Jack Dorsey
Robert A. Iger
Maria Elena Lagomasino
Fred H. Langhammer
Aylwin B. Lewis
Robert W. Matschullat
Mark G. Parker
Sheryl K. Sandberg
Orin C. Smith

The Board met ten times during fiscal 2016. Each current Director attended at least 75% of all of the meetings of the Board and Committees on which he or she served that occurred while he or she served on the Board or the Committees. All current directors attended the Company's 2016 annual shareholders meeting. Under the Company's *Corporate Governance Guidelines*, each Director is expected to dedicate sufficient time, energy and attention to ensure the diligent performance of his or her duties, including by attending annual and special meetings of the shareholders of the Company, and meetings of the Board and Committees of which he or she is a member.

Board Leadership

The Company's *Corporate Governance Guidelines* specify that the Chairman of the Board shall in the normal course be an independent Director, unless the Board determines that, in light of the circumstances then present when any such decision is made, a different structure would better serve the best interests of the shareholders. The *Guidelines* also provide that the Board will disclose in each proxy statement the reasons for a different arrangement and appoint an independent Director as Lead Director with duties and responsibilities detailed in the *Corporate*

Governance Guidelines.

Mr. Iger has served as Chairman since March of 2012, when he assumed that position upon the retirement of John Pepper who had previously served as Chairman. In making Mr. Iger Chairman, the Board determined that doing so would promote a number of important objectives: it would add a substantial strategic perspective to the Chair position and put in place an effective plan for the future transition of leadership while at the same time providing important continuity to Board leadership. In making these judgments, the Board took into account its evaluation of Mr. Iger's performance as

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Chief Executive Officer and President, his very positive relationships with the other members of the Board of Directors and the strategic vision and perspective he would bring to the position of Chairman. The Board was uniformly of the view that Mr. Iger would provide excellent leadership of the Board in the performance of its duties and that naming him as Chairman would serve the best interests of shareholders.

Mr. Iger's employment agreement provides that he will serve as Chief Executive Officer and Chairman through the end of its term. Each year, the independent members of the Board determine whether to elect Mr. Iger Chairman in accordance with the employment agreement. In doing so, the Board considers whether Mr. Iger's continuing to serve as both Chairman and Chief Executive Officer would be in the best interests of shareholders. Based on the demonstrated success of this structure to date, both in terms of the functioning of the Board and the growth of the Company, and the continued benefits of retaining Mr. Iger's strategic perspective in the position of Chairman, the Board has concluded that Mr. Iger's continuing service as Chairman remains in the best interests of shareholders and that, absent an unexpected change in circumstances, he should continue to serve in the role through the term of his agreement.

At the time Mr. Iger became Chairman, the Board unanimously elected Orin Smith as independent Lead Director. The duties of the independent Lead Director were expanded in connection with the appointment of Mr. Iger as Chairman, and were further expanded in 2013 based on feedback from investors regarding Lead Director duties. The duties of the Lead Director are as follows:

- Preside at all meetings of the Board of Directors at which the Chairman is not present, including executive sessions of non-management or independent Directors;
- Call meetings of the independent or non-management Directors;
- Serve as liaison between the Chairman and the independent and non-management Directors;
- Advise as to the scope, quality, quantity and timeliness of information sent to the Board of Directors;
- In collaboration with the Chief Executive Officer and Chairman, and with input from other members of the Board, develop and have final authority to approve meeting agendas for the Board of Directors, including assurance that there is sufficient time for discussion of all agenda items;
- Organize and lead the Board's annual evaluation of the Chief Executive Officer;
- Be responsible for leading the Board's annual self-assessment;
- Be available for consultation and direct communication upon the reasonable request of major shareholders;
- Advise Committee Chairs with respect to agendas and information needs relating to Committee meetings;
- Provide advice with respect to the selection of Committee Chairs; and
- Perform such other duties as the Board may from time to time delegate to assist the Board in the fulfillment of its responsibilities.

At the unanimous request of the Board, Mr. Smith, who has reached the Board's retirement age, has agreed to be renominated for re-election to the Board and to serve as a Director and independent Lead Director to provide continuity of leadership in light of the Board's ongoing CEO succession process.

Committees

The Board of Directors has four standing committees: Audit, Governance and Nominating, Compensation and Executive. Information regarding these committees is provided below.

Audit Committee

John S. Chen
Fred H. Langhammer
Aylwin B. Lewis
Robert W. Matschullat (Chair)

The functions of the Audit Committee are described below under the heading "*Audit Committee Report*." The Audit Committee met seven times during fiscal 2016. All of the members of the Audit Committee are independent within the meaning of SEC regulations, the listing standards of the New York Stock Exchange and the Company's *Corporate Governance Guidelines*. The Board has determined that each of the members of the Committee is qualified as an audit committee financial expert within the meaning of SEC regulations and that they have accounting and related financial management expertise within the meaning of the listing standards of the New York Stock Exchange.

Governance and Nominating Committee

Jack Dorsey
Robert W. Matschullat
Sheryl K. Sandberg
Orin C. Smith (Chair)

The Governance and Nominating Committee is responsible for developing and implementing policies and practices relating to corporate governance, including reviewing and monitoring implementation of the Company's *Corporate Governance Guidelines*. In addition, the Committee assists the Board in developing criteria for open Board positions, reviews background information on potential candidates and makes recommendations to the Board regarding such candidates. The Committee also reviews and approves transactions between the Company and Directors, officers, 5% shareholders and their affiliates under the Company's Related Person Transaction Approval Policy, supervises the Board's annual review of Director independence and the Board's annual self-evaluation, makes recommendations to the Board with respect to compensation of non-executive members of the Board of Directors, makes recommendations to the Board with respect to Committee assignments and oversees the Board's director education practices. The Committee met six times during fiscal 2016. All of the members of the Governance and Nominating Committee are independent within the meaning of the listing standards of the New York Stock Exchange and the Company's *Corporate Governance Guidelines*.

Compensation Committee

Susan E. Arnold (Chair)
Maria Elena Lagomasino
Aylwin B. Lewis
Orin C. Smith

The Compensation Committee is responsible for reviewing and approving corporate goals and objectives relevant to the compensation of the Company's Chief Executive Officer, evaluating the performance of the Chief Executive Officer and, either as a committee or together with the other independent members of the Board, determining and approving the compensation level for the Chief Executive Officer. The Committee is also responsible for making recommendations to the Board regarding the compensation of other executive officers and certain compensation plans, and the Board has also delegated to the Committee the responsibility for approving these arrangements. Additional information on the roles and responsibilities of the Compensation Committee is provided under the heading "*Compensation Discussion and Analysis*," below. In fiscal 2016, the Compensation Committee met six times. All of the members of the Committee are independent within the meaning of SEC regulations, the listing standards of the New York Stock Exchange and the Company's *Corporate Governance Guidelines*.

Executive Committee

Robert A. Iger
Orin C. Smith (Chair)

The Executive Committee serves primarily as a means for taking action requiring Board approval between regularly scheduled meetings of the Board. The Executive Committee is authorized to act for the full Board on matters other than those specifically reserved by Delaware law to the Board. In practice, the Committee's actions are generally limited to matters such as the authorization of routine transactions including corporate credit facilities and borrowings. In fiscal 2016, the Executive Committee held no meetings.

The Board's Role in Risk Oversight

As noted in the Company's *Corporate Governance Guidelines*, the Board, acting directly or through Committees, is responsible for "assessing major risk factors relating to the Company and its performance" and "reviewing measures to address and mitigate such risks." In discharging this responsibility, the Board, either directly or through Committees, assesses both (a) risks that relate to the key economic and market assumptions that inform the Company's business plans and growth strategies and (b) significant operational

risks related to the conduct of the Company's day-to-day operations.

Risks relating to the market and economic assumptions that inform the Company's business plans and growth strategies are specifically addressed with respect to each business unit in connection with the Board's annual review of the Company's five-year plan. The Board also has the opportunity to address such risks at each Board

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meeting in connection with its regular review of significant business and financial developments. The Board reviews risks arising out of specific significant transactions when these transactions are presented to the Board for review or approval.

Significant operational risks that relate to on-going business operations are the subject of regularly scheduled reports to either the full Board or one of its committees. The Board acting through the Audit Committee periodically reviews whether these reports appropriately cover the significant risks that the Company may then be facing.

Each of the Board's committees addresses risks that fall within the committee's areas of responsibility. For example, the Audit Committee periodically reviews the audit plan of the internal audit department, the international labor standards compliance program, the Company's information technology risks and mitigation strategies, the tax function, treasury operations (including insurance) and the Company's standards of

business conduct compliance program. In addition, the Audit Committee receives regular reports from: corporate controllership and the outside auditor on financial reporting matters; the internal audit department about significant findings; and the general counsel regarding legal and regulatory risks. The Audit Committee reserves time at each meeting for private sessions with the chief financial officer, general counsel, head of the internal audit department and outside auditors. The Compensation Committee addresses risks arising out of the Company's executive compensation programs as described at pages 24 to 25, below.

The independent Lead Director promotes effective communication and consideration of matters presenting significant risks to the Company through his role in developing the Board's meeting agendas, advising committee chairs, chairing meetings of the independent Directors and facilitating communications between independent Directors and the Chief Executive Officer.

Director Selection Process

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

Once the Committee has identified a prospective nominee including prospective nominees recommended by shareholders it makes an initial determination as to whether to conduct a full evaluation. In making this determination, the Committee takes into account the information provided to the Committee with the recommendation of the candidate, as well as the Committee's own knowledge and information obtained through inquiries to third parties to the extent the Committee deems appropriate. The preliminary determination is based primarily on the need for additional Board members and the likelihood that the prospective nominee can satisfy the criteria that the

Committee has established. If the Committee determines, in consultation with the Chairman of the Board and other Directors as appropriate, that additional consideration is warranted, it may request the third-party search firm to gather additional information about the prospective nominee's background and experience and to report its findings to the Committee. The Committee then evaluates the prospective nominee against the specific criteria that it has established for the position, as well as the standards and qualifications set out in the Company's *Corporate Governance Guidelines*, including:

- the ability of the prospective nominee to represent the interests of the shareholders of the Company;
- the prospective nominee's standards of integrity, commitment and independence of thought and judgment;
- the prospective nominee's ability to dedicate sufficient time, energy and attention to the diligent performance of his or her duties, including the prospective nominee's service on other public company boards, as specifically set out in the Company's *Corporate Governance Guidelines*;
- the extent to which the prospective nominee contributes to the range of talent, skill and expertise appropriate for the Board;

the extent to which the prospective nominee helps the Board reflect the diversity of the Company's shareholders, employees, customers and guests and the communities in which it operates; and the willingness of the prospective nominee to meet the minimum equity interest holding guideline set out in the Company's *Corporate Governance Guidelines*.

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

In selecting nominees for Director, the Board seeks to achieve a mix of members who together bring experience and personal backgrounds relevant to the Company's strategic priorities and the scope and complexity of the Company's business. In light of the Company's current priorities, the Board seeks experience relevant to managing branded franchises, the creation of high-quality branded entertainment products and services, addressing the impact of rapidly changing technology and the management of a multi-national business. The Board also seeks experience in large, diversified enterprises and demonstrated ability to

manage complex issues that involve a balance of risk and reward and seeks Directors who have expertise in specific areas such as consumer and cultural trends, business innovation, growth strategies and financial oversight. The background information on current nominees beginning on page 55 sets out how each of the current nominees contributes to the mix of experience and qualifications the Board seeks.

In making its recommendations with respect to the nomination for re-election of existing Directors at the annual shareholders meeting, the Committee assesses the composition of the Board at the time and considers the extent to which the Board continues to reflect the criteria set forth above.

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

Director Independence

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

Pursuant to the *Guidelines*, the Board undertook its annual review of Director independence in November 2016. During this review, the Board considered transactions and relationships between the Company and its subsidiaries and affiliates on the one hand and, on the other hand, Directors, immediate family members of Directors, or entities of which a Director or an immediate family member is an executive officer, general partner or significant equity holder. The Board also considered whether there were any transactions or relationships between any of these persons or entities and any members of the Company's senior management or their affiliates. As provided in the *Guidelines*, the purpose of this review was to determine whether any such relationships or transactions existed that were inconsistent with a determination that the Director is independent.

As a result of this review, the Board affirmatively determined that all of the Directors serving in fiscal

2016 or nominated for election at the 2017 Annual Meeting are independent of the Company and its management under the standards set forth in the *Corporate Governance Guidelines*, with the exception of Mr. Iger and Mr. Parker. Mr. Iger is considered an inside Director because of his employment as a senior executive of the Company. Mr. Parker is not deemed independent under the definition of independence required by the New York Stock Exchange and included in the Company's Corporate Governance Guidelines because payments received by a company wholly-owned by his brother through the beginning of June of 2014 preclude Mr. Parker from being deemed independent for three years following that date.

In determining the independence of each Director, the Board considered and deemed immaterial to the Directors' independence transactions involving the sale of products and services in the ordinary course of business between the Company, on the one hand, and, on the other, companies or organizations at which some of our Directors or their immediate family members were officers or employees during fiscal 2016. In each case, the amount paid to or received from these companies or organizations in each of the last three years was below the 2% of total revenue threshold in the *Guidelines*. The Board determined that none of the relationships it considered impaired the independence of the Directors.

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Certain Relationships and Related Person Transactions

The Board of Directors has adopted a written policy for review of transactions involving more than $120,000 in any fiscal year in which the Company is a participant and in which any Director, executive officer, holder of more than 5% of our outstanding shares or any immediate family member of any of these persons has a direct or indirect material interest. Directors, 5% shareholders and executive officers are required to inform the Company of any such transaction promptly after they become aware of it, and the Company collects information from Directors and executive officers about their affiliations and affiliations of their family members so the Company can search its records for any such transactions. Transactions are presented to the Governance and Nominating Committee of the Board (or to the Chairman of the Committee if the Committee delegates this responsibility) for approval before they are entered into or, if this is not possible, for ratification after the transaction has been entered into. The Committee approves or ratifies a transaction if it determines that the transaction is consistent with the best interests of the Company, including whether the transaction impairs independence of a Director. The policy does not require review of the following transactions:

- Employment of executive officers approved by the Compensation Committee;
- Compensation of Directors approved by the Board;
- Transactions in which all shareholders receive benefits proportional to their shareholdings;
- Ordinary banking transactions identified in the policy;
- Any transaction specifically contemplated by the Company's Restated Certificate of Incorporation or Bylaws, or any action approved by the Board where the interest of the Director, executive officer, 5% shareholder or family member is disclosed to the Board prior to such action;
- Commercial transactions in the ordinary course of business with entities affiliated with Directors,

  executive officers, 5% shareholders or their family members if the aggregate amount involved during a fiscal year is less than the greater of (a) $1,000,000 and (b) 2% of the Company's or other entity's gross revenues and the related person's interest in the transaction is based solely on his or her position with the entity;
- Charitable contributions to entities where a Director is an executive officer of the entity if the amount is less than the lesser of $200,000 and 2% of the entity's annual contributions; and
- Transactions with entities where the Director, executive officer, 5% shareholder or immediate family member's sole interest is as a non-executive officer employee of, volunteer with, or director or trustee of the entity.

Entities affiliated with Vanguard Group, Inc., an investment management firm, manage investment funds that in the aggregate beneficially held more than 5% of the Company's shares during fiscal 2016. Funds managed by affiliates of Vanguard are included as investment options in defined contribution plans offered to Disney employees, and Vanguard received fees of approximately $745,000 in fiscal 2016 based on the amounts participants elected to invest in funds managed by Vanguard. These relationships were in place before Vanguard reported beneficial ownership of more than 5% of the Company's outstanding shares, though the Company did make two additional funds managed by Vanguard available as investment options during fiscal 2016 after Vanguard reported greater than 5% ownership. The ongoing relationship was reviewed and approved by the Governance and Nominating Committee under the Related Person Transaction Approval Policy in June and November 2016, and the addition of the investment options was approved by the Committee before the Company made these options available to employees.

Shareholder Communications

Generally. Shareholders may communicate with the Company through its Transfer Agent, Broadridge Corporate Issuer Solutions, by writing to Disney Shareholder Services, c/o Broadridge Corporate Issuer Solutions, P.O. Box 1342, Brentwood, NY 11717, by calling Disney Shareholder Services care of Broadridge at 1-855-553-4763, or by sending an e-mail to disneyshareholder@broadridge.com. Additional information about contacting the Company is available on the Disney Shareholder Services website

(*www.disneyshareholder.com*) under the "Contact Us" tab.

Shareholders and other persons interested in communicating directly with the independent Lead Director or with the non-management Directors as a group may do so by writing to the independent Lead Director, The Walt Disney Company, 500 South Buena Vista Street, Burbank, California 91521-1030. Under a process approved by the Governance and Nominating

Committee of the Board for handling letters received by the Company and addressed to non-management members of the Board, the office of the Secretary of the Company reviews all such correspondence and forwards to Board members a summary and/or copies of any such correspondence that, in the opinion of the Secretary, deals with the functions of the Board or Committees thereof or that he otherwise determines requires their attention. The Governance and Nominating Committee reviews summaries of all correspondence from identified shareholders at each regular meeting of the Committee. Directors may at any time review a log of all correspondence received by the Company that is addressed to members of the Board and request copies of any such correspondence.

Concerns relating to accounting, internal controls or auditing matters are immediately brought to the attention of the Company's internal audit department and handled in accordance with procedures established by the Audit Committee with respect to such matters.

Shareholder Proposals for Inclusion in 2018 Proxy Statement. To be eligible for inclusion in the proxy statement for our 2018 Annual Meeting, shareholder proposals must be received by the Company's Secretary no later than the close of business on September 15, 2017. Proposals should be sent to the Secretary, The Walt Disney Company, 500 South Buena Vista Street, Burbank, California 91521-1030 and follow the procedures required by SEC Rule 14a-8.

Shareholder Director Nominations for Inclusion in 2018 Proxy Statement. Under our Bylaws, written notice of shareholder nominations to the Board of Directors that

are to be included in the proxy statement pursuant to the proxy access provisions in Article II, Section 11 of our Bylaws must be delivered to the Company's Secretary not later than 120 nor earlier than 150 days prior to the first anniversary of the preceding year's annual meeting. Accordingly any eligible shareholder who wishes to have a nomination considered at the 2018 Annual Meeting and included in the Company's proxy statement must deliver a written notice (containing the information specified in our bylaws regarding the shareholder and the proposed nominee) to the Company's Secretary between October 9, 2017 and November 8, 2017.

Shareholder Director Nomination and Other Shareholder Proposals for Presentation at the 2018 Annual Meeting Not Included in 2018 Proxy Statement. Under our Bylaws, written notice of shareholder nominations to the Board of Directors or any other business proposed by a shareholder that is not to be included in the proxy statement must be delivered to the Company's Secretary not later than 90 nor earlier than 120 days prior to the first anniversary of the preceding year's annual meeting. Accordingly, any shareholder who wishes to have a nomination or other business considered at the 2018 Annual Meeting but not included in the Company's proxy statement must deliver a written notice (containing the information specified in our bylaws regarding the shareholder and the proposed action) to the Company's Secretary between November 8, 2017 and December 8, 2017. SEC rules permit management to vote proxies in its discretion with respect to such matters if we advise shareholders how management intends to vote.

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The elements of annual Director compensation for fiscal 2016 were as follows.

Annual Board retainer	$105,000
Annual committee retainer (except Executive Committee)1	$10,000
Annual committee chair retainer (Governance and Nominating Committee only)2	$15,000
Annual committee chair retainer (Audit Committee and Compensation Committee only)2	$20,000
Annual deferred stock unit grant	$180,000
Annual retainer for independent Lead Director3	$50,000

1 Per committee.

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

3 This is in addition to the annual Board retainer, committee fees and the annual deferred stock unit grant.

Effective October 1, 2016, the annual board retainer was increased to $110,000, the annual committee chair retainer for the Audit Committee was increased to $25,000, and the annual deferred stock unit grant was increased to $185,000.

To encourage Directors to experience the Company's products, services and entertainment offerings personally, each non-employee Director may receive Company products and services up to a maximum of $15,000 in fair market value per calendar year plus reimbursement of associated tax liabilities. Director's spouses, children and grandchildren may also participate in this benefit within each Director's $15,000 limit.

The Company reimburses Directors for the travel expenses of, or provides transportation on Company aircraft for, immediate family members of Directors if the family members are specifically invited to attend events for appropriate business purposes. Family members (including domestic partners) may accompany Directors traveling on Company aircraft for business purposes on a space-available basis.

Directors participate in the Company's employee gift matching program on the same terms as senior executives. Under this program, the Company matches contributions of up to $15,000 ($50,000 effective in December 2016) per calendar year per Director to charitable and educational institutions meeting the Company's criteria.

Directors who are also employees of the Company receive no additional compensation for service as a Director.

Under the Company's *Corporate Governance Guidelines*, non-employee Director compensation is determined annually by the Board of Directors acting on the recommendation of the Governance and Nominating Committee. In formulating its recommendation, the Governance and Nominating Committee receives input from the third-party compensation consultant retained by the Compensation Committee regarding market practices for Director compensation.

Director Compensation for Fiscal 2016

The following table sets forth compensation earned during fiscal 2016 by each person who served as a non-employee Director during the year.

Susan E. Arnold	$135,000	$179,849	$22,696	$337,545
John S. Chen	115,000	179,849	2,320	297,169
Jack Dorsey	115,000	179,849	830	295,679
Maria Elena Lagomasino	95,937	150,540	210	246,687
Fred H. Langhammer	115,000	179,849	34,711	329,560
Aylwin B. Lewis	125,000	179,849		304,849
Monica C. Lozano	19,904	75,786	29,724	124,964
Robert W. Matschullat	145,000	179,849	33,860	385,709
Mark G. Parker	75,577	130,131		205,708
Sheryl K. Sandberg	115,000	179,849	10,735	305,584
Orin C. Smith	190,000	179,849	15,368	385,217

Fees Earned or Paid in Cash. "Fees Earned or Paid in Cash" includes the annual Board retainer and annual committee and committee-chair retainers, whether paid currently or deferred by the Director to be paid in cash or shares after service ends. Directors are permitted to elect each year to receive all or part of their retainers in Disney stock and, whether paid in cash or stock, to defer all or part of their retainers until after service as a Director ends. Directors who elect to receive deferred compensation in cash receive a credit each quarter, and the balance in their deferred cash account earns interest at an annual rate equal to the Moody's Average Corporate (Industrial) Bond Yield, adjusted quarterly. For fiscal 2016, the average interest rate was 4.29%.

The following table sets forth the form of fees received by each Director who elected to receive compensation in a form other than currently paid cash. The number of

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stock units awarded is equal to the dollar amount of fees accruing each quarter divided by the average over the last ten trading days of the quarter of the average of the high and low trading price for shares of Company common stock on each day in the ten-day period. Stock units distributed currently were accumulated throughout the year and distributed as shares following December 31, 2016.

	Cash	Stock Units		
Susan E. Arnold	$135,000			
John S. Chen	57,500		$57,500	582
Jack Dorsey	57,500	$57,500		582
Maria Elena Lagomasino			95,937	987
Fred H. Langhammer	115,000			
Aylwin B. Lewis	62,500		62,500	633
Monica C. Lozano	9,952	4,976	4,976	368
Robert W. Matschullat	145,000			
Mark G. Parker	7,212		68,365	714
Sheryl K. Sandberg	57,500	57,500		582
Orin C. Smith	190,000			

Stock Awards. "Stock Awards" sets forth the market value of the deferred stock unit grants to Directors and the amount reported is equal to the market value of the Company's common stock on the date of the award times the number of shares underlying the units. Units are awarded at the end of each quarter and the number of units is determined by dividing the amount payable with respect to the quarter by the average over the last ten trading days of the quarter of the average of the high and low trading price for shares of the Company common stock on each day in the ten-day period. Each Director other than Ms. Lagomasino, Ms. Lozano and Mr. Parker was awarded 1,823 units in fiscal 2016. Ms. Lagomasino was awarded 1,545 units, Ms. Lozano was awarded 735 units, and Mr. Parker was awarded 1,349 units in fiscal 2016.

Unless a Director elects to defer receipt of shares until after his or her service as a Director ends, shares with respect to annual deferred stock unit grants are normally distributed to the Director on the second anniversary of the award date, whether or not the Director is still a Director on the date of distribution.

At the end of any quarter in which dividends are distributed to shareholders, Directors receive additional stock units with a value (based on the average of the high and low trading prices of the Company common stock averaged over the last ten trading days of the quarter) equal to the amount of dividends they would have received on all stock units held by them at the end of the prior quarter. Shares with respect to these additional units are distributed when the underlying units

are distributed. Units awarded in respect of dividends are included in the fair value of the stock units when the units are initially awarded and therefore are not included in the tables above, but they are included in the total units held at the end of the fiscal year in the table below.

Prior to fiscal 2011, each Director serving on March 1 of any year received an option on that date to acquire shares of Company stock. The exercise price of the options was equal to the average of the high and low prices reported on the New York Stock Exchange on the date of grant.

The following table sets forth all stock units and options held by each Director as of the end of fiscal 2016. All stock units are fully vested when granted, but shares are distributed with respect to the units only later, as described above. Stock units in this table are included in the share ownership table on page 68 except to the extent they may have been distributed as shares and sold prior to January 9, 2017.

Susan E. Arnold	14,382	12,143
John S. Chen	24,008	12,143
Jack Dorsey	4,062	
Maria Elena Lagomasino	2,546	
Fred H. Langhammer	18,360	
Aylwin B. Lewis	22,545	18,143
Monica C. Lozano	23,019	18,143
Robert W. Matschullat	37,754	18,143
Mark G. Parker	2,072	
Sheryl K. Sandberg	7,792	
Orin C. Smith	3,611	18,143

The Company's *Corporate Governance Guidelines* encourage Directors to own, or acquire within three years of first becoming a Director, shares of common stock of the Company (including stock units received as Director compensation) having a market value of at least five times the amount of the annual Board retainer for the Director. Unless the Board exempts a Director, each Director is also required to retain stock representing no less than 50% of the after-tax value of exercised options and shares received upon distribution of deferred stock units until he or she meets the stock holding guideline described above. Based on the holdings of units and shares on January 9, 2017, each Director complied with the minimum holding requirement on that date except Mr. Parker, who is within the three-year period following the date on which he first became a Director.

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All Other Compensation. "All Other Compensation" includes:

- Reimbursement of tax liabilities associated with the product familiarization benefits. The value of the product familiarization benefits themselves and travel benefits are not included in the table as permitted by SEC rules because the aggregate incremental cost to the Company of providing these benefits did not exceed $10,000 for any Director. The reimbursement of associated tax liabilities was less than $10,000 for each Director other than Mr. Langhammer, Mr. Matschullat, and Ms. Sandberg for whom the reimbursement was $13,813, $18,860, and $10,735 respectively.

- Interest earned on deferred cash compensation, which was less than $10,000 for each Director except for Ms. Lozano, for whom interest earned totaled $25,310.

- The matching charitable contribution of the Company, which was less than $10,000 for each Director other than Ms. Arnold, Mr. Langhammer, Mr. Matschullat, and Mr. Smith, for each of whom the amount was $15,000.

Compensation Discussion and Analysis

Executive Compensation Program Structure

Objectives and Methods

We design our executive compensation program to drive the creation of long-term shareholder value. We do this by tying compensation to the achievement of performance goals that promote the creation of shareholder value and by designing compensation to attract and retain high-caliber executives in a competitive market for talent.

We have adopted the following approach to achieve these objectives.

Pay for Performance	Provide a strong relationship of pay to performance through: A performance-based bonus tied to the achievement of financial performance factors and an assessment of each executive's individual performance against other performance factors Equity awards that deliver value based on stock price performance and, in the case of performance-based stock units, whose vesting depends on meeting performance targets
Competitive Compensation Levels	Provide compensation opportunities at a level and with practices that are competitive with our peers Compensation levels and practices at peer companies are one factor in making compensation decisions, but compensation is not targeted to any specific percentile
Compensation Mix	Provide a mix of variable and fixed compensation that: Is heavily weighted toward variable performance-based compensation for senior executives

Uses short-term (annual performance-based bonus) and longer-term performance measures (equity awards) to balance appropriately incentives for both short and long-term performance

Peer Groups

Establishing Compensation Levels

The Compensation Committee believes that the pool of talent with the set of creative and organizational skills needed to run a global creative organization like the Company is quite limited and that, accordingly, the market for executive talent to lead the Company is best reflected by the five other major media companies who compete for this talent CBS, Comcast, Twenty-First Century Fox, Time Warner and Viacom (with Disney, the "Media Industry Peers"). Disney has more employees and a more extensive global footprint than any of the Media Industry Peers as well as a greater market capitalization and greater revenue, more diverse business segments and greater operating income than all but one of the Media Industry Peers.

The Committee believes that executives with the background needed to manage companies such as ours have career options with compensation opportunities that normally exceed those available in most other industries and that compensation levels within the peer group are driven by the dynamics of compensation in the entertainment industry and not the ownership structure of a particular company.

Establishing Compensation Structure, Policies and Practice

The Committee believes that the features of the Company's overall compensation structure, policies and practices should normally be consistent for all executives. Because the four distinct segments of our operations span multiple industries, the Committee believes that a consistency of approach across the breadth of the Company's operations with respect to such features is best achieved by reference to a broader general industry group.

The peer group used for establishing compensation structure, policies and practices consists of companies that have:

A consumer orientation and/or strong brand recognition;

A global presence and operations;

Annual revenue no less than half and no more than twice our annual revenue; and

A market capitalization no less than one-quarter and no more than four times our market capitalization;

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Plus companies that do not meet the revenue test, but that are included in the peer groups used by one or more of the Media Industry Peers.

The companies that meet these criteria and were included in the peer group at the beginning of fiscal 2016 were:

Accenture	Intel
Alphabet	Johnson & Johnson
Amazon.com	Microsoft
AT&T	Oracle
CBS	PepsiCo
Cisco Systems	Procter & Gamble
Coca-Cola	Time Warner
Comcast	Time Warner Cable
EMC Corp.	Twenty-First Century Fox
Hewlett-Packard	Verizon Communications

IBM	Viacom

Advised by its independent consultant, the Committee reviewed the criteria for selecting members of this peer group during fiscal 2016 and determined that the criteria remained appropriate. In connection with this review, Hewlett-Packard was removed because it split into two companies, neither of which satisfies the size criteria, and EMC Corp. was removed following its acquisition by Dell Technologies in September 2016. In addition, Time Warner Cable merged with Charter Communications in May 2016; Charter Communications replaced Time Warner Cable as a peer at that time because it satisfies the general industry peer criteria.

Evaluating Performance

The overall financial performance of the Company is driven by the sum of the individual performances of the Company's four segments Media Networks, Parks and Resorts, Studio Entertainment and Consumer Products & Interactive Media each of which competes in different sectors of the overall market. The Committee believes that, given the span of the

Company's businesses, the best measure of relative performance is how the Company's diverse businesses have fared in the face of the economic trends that impact companies in the overall market and that the best benchmark for measuring such success is the Company's relative performance compared to that of the companies comprising the S&P 500. Accordingly, the Committee like the other media companies and many other businesses has selected the S&P 500 to set the context for evaluating the Company's performance and to measure relative performance for performance-based restricted stock unit awards.

Summary of Peer Groups

The following table summarizes the three distinct peer groups we use for the three distinct purposes described above:

Media Industry Peers	Evaluating compensation levels for the named executive officers	Disney and the five other major media companies: CBS Comcast Twenty-First Century Fox Time Warner Viacom
General Industry Peers	Evaluating general compensation structure, policies and practices	22 similarly-sized global companies with a consumer orientation and/or strong brand recognition
Performance Peers	Evaluating relative economic performance of the Company	Standard & Poor's (S&P) 500

Compensation Program Elements

2016 Total Direct Compensation

The following table sets forth the elements of total direct compensation for our named executive officers (NEOs) in fiscal 2016 and the objectives and key features of each element.

Salary	Objectives The Committee sets salaries to reflect job responsibilities and to provide competitive fixed pay to balance performance-based risks. Key Features Minimum salaries set in employment agreement Compensation Committee discretion to adjust annually based on changes in experience, nature and responsibility of the position, competitive considerations, CEO recommendation (except his own salary)
Performance-based Bonus	Objectives The Committee structures the bonus program to incentivize performance at the high end of ranges for financial performance measures that it establishes each year to drive meaningful growth over the prior year. The Committee believes that incentivizing performance in this fashion will lead to long-term, sustainable gains in shareholder value. Key Features Target bonus for each NEO set by Committee early in the fiscal year in light of employment agreement provisions, competitive considerations, CEO recommendation (except his own target), other factors Committee deems appropriate; bonus opportunity normally limited to 200% of target bonus Payout on 70% of target determined by performance against financial performance ranges established early in the fiscal year

Payout on 30% of target determined by Committee's assessment of individual performance based both on other performance objectives established early in the fiscal year and on CEO recommendation (except his own payout)

In addition, Mr. Iger has an opportunity to earn a performance-based retention award in fiscal 2018 to the extent the Company's cumulative adjusted operating income for the five years ending September 28, 2018 exceeds $76.01 billion

Equity Awards Generally

Objectives

The Committee structures equity awards to directly reward long-term gains in shareholder value. Equity awards carry vesting terms that extend up to four years and include restricted stock units whose value depends on company performance relative to the performance of the S&P 500. These awards provide incentives to create and sustain long-term growth in shareholder value.

Key Features

Combined value of options, performance units and time-based units determined by Committee in light of employment agreement provisions, competitive market conditions, evaluation of executive's performance and CEO recommendation (except for his own award)

Allocation of awards for CEO and COO (based on award value):

50% performance-based restricted stock units

50% stock options

Allocation of awards for other NEOs (based on award value):

30% performance-based restricted stock units

30% time-vesting restricted stock units

40% stock options

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Stock Option Awards	Key Features Exercise price equal to average of the high and low trading prices on day of award Option re-pricing without shareholder approval is prohibited 10-year term Vest 25% per year
Performance-Based Restricted Stock Units	Key Features Performance-based units reward executives only if specified financial performance measures are met Subject to performance tests, units vest three years after grant date Half of award vests based on Total Shareholder Return relative to S&P 500 and half of award vests based on Earnings Per Share relative to S&P 500, each as described on page 39 All units awarded to executive officers are subject to Section 162(m) test
Time-Based Restricted Stock Units	Key Features 25% vest each year following grant date

All units awarded to executive officers are subject to Section 162(m) test

Compensation at Risk

The Committee believes that most of the compensation for named executive officers should be at risk and tied to a combination of long-term and short-term Company performance. Approximately 90% of the target compensation for the CEO, and approximately 80% of the target compensation for other named executive officers, varies with either short or long-term Company performance.

In establishing a mix of fixed to variable compensation, the mix of various equity awards, target bonus levels, grant date equity award values and performance ranges, the Committee seeks to maintain its goal of making compensation overwhelmingly tied to performance while

at the same time affording compensation opportunities that, in success, would be competitive with alternatives available to the executive. In particular, the Committee expects that performance at the high end of ranges will result in overall compensation that is sufficiently attractive relative to compensation available at successful competitors and that performance at the low end of ranges will result in overall compensation that is less than that available from competitors who are more successful.

In determining the mix between options and restricted stock units, the Committee also considers the number of shares required for each of these types of award to deliver the appropriate value to executives.

The following chart shows the percentage of the target total direct compensation (constituting base salary and performance-based bonus plus the grant-date fair value of regular annual equity awards) for Mr. Iger that is variable with performance (performance-based bonus and equity awards) versus fixed (salary).

2016 Target Total Direct Compensation Mix for CEO

92% of CEO target compensation is considered performance-based

For the other NEOs (excluding Mr. Staggs) 80% of average target compensation is considered performance-based; for Mr. Staggs, 87% of his fiscal 2016 target compensation was performance based.

Employment Agreements

We enter into employment agreements with our senior executives when the Compensation Committee determines that it is appropriate to attract or retain an executive or where an employment agreement is consistent with our practices with respect to other similarly situated executives.

We have employment agreements with each of the named executive officers that extend to the dates shown below:

	Term Ends
Robert A. Iger	June 30, 2018
Alan N. Braverman	March 31, 2018
Christine M. McCarthy	June 30, 2019
Kevin A. Mayer	June 30, 2019
M. Jayne Parker	January 31, 2017

Mr. Staggs had an employment contract whose stated termination date was June 30, 2018. He left his position as Chief Operating Officer effective May 6, 2016, and remained employed by the Company through the end of the fiscal year under the terms of that agreement, at which time his employment ended.

Material terms of the employment agreements with the named executive officers are reflected under "*Total Direct Compensation,*" above, and "*Benefits and Perquisites,*" "*2016 Compensation Decisions*" and "*Compensation Tables Potential Payments and Rights on Termination or Change in Control*," below.

Benefits and Perquisites

The Company provides employees with benefits and perquisites based on competitive market conditions. All salaried employees, including the named executive officers, receive the following benefits:

- health care coverage;
- life and disability insurance protection;
- reimbursement of certain educational expenses;
- access to favorably priced group insurance coverage; and
- Company matching of gifts of up to $15,000 per employee each calendar year to qualified charitable organizations.

Officers at the vice president level and above, including named executive officers, receive the following benefits:

- complimentary access to the Company's theme parks and some resort facilities;
- discounts on Company merchandise and resort facilities;
- for officers at the vice president level and higher before October 1, 2012, a fixed monthly payment to offset the costs of owning and maintaining an automobile;
- relocation assistance;
- eligibility for annual reimbursement of up to $1,000 for wellness-related purposes such as fitness, nutrition and physical exams; and
- personal use of tickets acquired by the Company for business entertainment when they become available because no business use has been arranged.

Named executive officers (and some other senior executives) are also entitled to the following additional benefits and perquisites: basic financial planning services, enhanced excess liability coverage, increased relocation assistance, an increased automobile benefit and, since December 2016, an increased Company matching gift amount of $50,000.

The Company pays the cost of security services and equipment for the Chief Executive Officer in an amount

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that the Board of Directors believes is reasonable in light of his security needs and, in the interest of security, requires the Chief Executive Officer to use corporate aircraft for all personal travel. Other senior executive officers may also have security expenses reimbursed and are permitted at times to use corporate aircraft for personal travel, in each case at the discretion of the Chief Executive Officer.

Retirement Plans

Named executive officers participate in defined benefit programs available to all of our salaried employees hired prior to January 1, 2012 and defined contribution retirement programs available to all of our salaried employees.

Tax-qualified defined benefit and defined contribution plans limit the benefit to participants whose compensation or benefits would exceed maximums imposed by applicable tax laws. To provide retirement benefits commensurate with compensation levels, the Company offers non-qualified plans to key salaried employees, including the named executive officers, using substantially the same formula for calculating benefits as is used under the tax-qualified defined benefit plans on compensation in excess of the compensation limitations and maximum benefit accruals and allowing deferral of income in addition to that permitted under tax qualified defined contribution plans.

Additional information regarding the terms of retirement and deferred compensation programs for the named executive officers is included in "*Compensation Tables Pension Benefits*" beginning on page 44 and "*Compensation Tables Fiscal 2016 Nonqualified Deferred Compensation Table*" beginning on page 46.

Risk Management Considerations

The Compensation Committee believes that the following features of our annual performance-based bonus and equity programs appropriately incentivize the creation of long-term shareholder value while discouraging behavior that could lead to excessive risk:

- Financial Performance Metrics. The financial metrics used to determine the amount of an executive's bonus are measures the Committee believes drive long-term shareholder value. The ranges set for these measures are intended to reward success without encouraging excessive risk taking.

- Limit on Bonus. The overall bonus opportunity is not expected to exceed two times the target amount, no matter how much financial performance exceeds the ranges established at the beginning of the fiscal year.

- Equity Vesting Periods. Performance-based stock units vest in three years. Time-based stock units and options vest annually over four years and options remain exercisable for 10 years. These periods are designed to reward sustained performance over several periods, rather than performance in a single period.

- Equity Retention Guidelines. Named executive officers are required to acquire within five years of becoming an executive officer, and hold as long as they are executive officers of the Company, shares (including restricted stock units) having a value of at least three times their base salary amounts, or five times in the case of the Chief Executive Officer. If these levels have not been reached, these officers are required to retain ownership of shares representing at least 75% of the net after-tax gain (100% in the case of the Chief Executive Officer) realized on exercise of options for a minimum of 12 months. Based on holdings of units and shares on January 9, 2017, each named executive officer exceeded the minimum holding requirement on that date.

- No Hedging or Pledging. Named executive officers (and other employees subject to the Company's insider trading compliance program) are not permitted to enter into any transaction designed to hedge, or having the effect of hedging, the economic risk of owning the Company's securities and they are prohibited from pledging Company securities.

- Clawback Policy. If the Company is required to restate its financial results due to material noncompliance with financial reporting requirements under the securities laws as a result of misconduct by an executive officer, applicable law permits the Company to recover incentive compensation from that executive officer (including profits realized from the sale of Company securities). In such a situation, the Board of Directors would exercise its business judgment to determine what action it believes is appropriate. Action may include recovery or cancellation of any bonus or incentive payments made to an executive on the basis of having met or exceeded performance targets during a period of fraudulent activity or a material misstatement of financial results if the Board determines that such recovery or cancellation is appropriate due to intentional misconduct by the executive officer that resulted in performance targets being achieved that would not have been achieved absent such misconduct.

At the Compensation Committee's request, management conducted its annual assessment of the risk profile of our compensation programs in November 2016. The assessment included an inventory of the compensation programs at each of the Company's segments and an evaluation of whether any program contained elements that created risks that could have a material adverse impact on the Company. Management provided the results of this assessment to Frederic W. Cook & Co., Inc., which evaluated the findings and reviewed them with the Committee. As a result of this review, the Committee determined that the risks arising from the Company's policies and practices are not reasonably likely to have a material adverse effect on the Company.

Other Considerations

Timing of Equity Awards

Equity awards are made by the Compensation Committee only on dates the Committee meets. Committee meetings are normally scheduled well in advance and are not scheduled with an eye to announcements of material information regarding the Company. The Committee may make an award with an effective date in the future contingent on commencement of employment, execution of a new employment agreement or some other subsequent event, or may act by unanimous written consent on the date of such an event when the proposed issuances have been reviewed by the Committee prior to the date of the event.

Extended Vesting of Equity Awards

Options and restricted stock units continue to vest beyond retirement (and options remain exercisable) if (1) they were awarded at least one year prior to the date of an employee's retirement and (2) the employee was age 60 or older and had at least ten years of service on the date he or she retired. In these circumstances:

- Options continue to vest following retirement according to the original vesting schedule. They remain exercisable for up to five years following retirement if the options were awarded after March 2011 and for up to three years following retirement if the options were awarded between December 2009 and March 2011. Options do not, however, remain exercisable beyond the original expiration date of the option.

- Restricted stock units continue to vest following retirement according to the original vesting schedule, but vesting remains subject to any applicable performance conditions (except, in some cases, the test to ensure that the compensation is deductible pursuant to Section 162(m)).

The extended vesting and exercisability is not available to certain employees outside the United States.

Options and restricted stock units awarded to executive officers with employment agreements also continue to vest (and options remain exercisable) beyond termination of employment if the executive's employment is terminated by the Company without cause or by the executive with good reason. In this case, options and restricted stock units continue to vest (and options remain exercisable) as though the executive remained employed through the end of the stated term of the employment agreement. If the executive would be age 60 or older and have at least ten years of service as of the end of the stated term of the employment agreement, the options and restricted stock units awarded at least one year prior to the end of the stated term of the agreement would continue to vest (and options remain exercisable) beyond the stated term of the employment agreement as described above.

Deductibility of Compensation

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public corporations for compensation over $1 million paid for any fiscal year to the corporation's chief executive officer and up to three other executive officers (other than the chief financial officer) whose compensation must be included in this proxy statement because they are our most highly compensated executive officers. Section 162(m) exempts qualifying performance-based compensation from the deduction limit if applicable requirements are met.

The Compensation Committee has structured awards to executive officers under the Company's annual performance-based bonus program and equity awards program to qualify for this exemption. However, the Committee believes that shareholder interests are best served if its discretion and flexibility in awarding compensation is not restricted, even though some compensation awards may result in non-deductible compensation expenses. Therefore, the Committee has approved salaries for executive officers that were not fully deductible because of Section 162(m) and may approve other compensation that is not deductible for income tax purposes.

To qualify for deduction, awards to executive officers under the annual performance-based bonus program and the long-term incentive program include a performance test based on adjusted net income in addition to the other performance tests described above. Adjusted net income means net income adjusted, as appropriate, to exclude the following items or variances: change in accounting principles; acquisitions; dispositions of a business; asset impairments; restructuring charges;

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extraordinary, unusual or infrequent items; and extraordinary litigation costs and insurance recoveries. For fiscal 2016, the adjusted net income target was $5.8 billion, and the Company achieved adjusted net income of $9.4 billion. Net income was adjusted by excluding the impact of a net gain associated with the acquisition by A+E Television Networks of an interest in

Vice Group Holdings, charges taken in connection with the discontinuation of our Infinity console game business and the net impact of restructuring and impairment charges. Therefore, bonuses earned in fiscal 2016 and restricted stock units vesting based on fiscal 2016 results are deductible under Section 162(m).

Compensation Process

The following table outlines the process for determining annual compensation awards for named executive officers.

Annually, at the end of the calendar year, the CEO recommends salaries for executives other than himself for the following calendar year

Committee participates in regular Board review of operating plans and results and review of annual operating plan at the beginning of the fiscal year

Committee reviews proposed salary changes with input from consultant

Management recommends financial and other performance measures, weightings and ranges

Committee determines annual salaries for all NEOs

Early in the fiscal year, the Committee reviews proposed performance measures and ranges with input from consultant and determines performance measures and ranges that it believes establish appropriate stretch goals

Committee reviews determinations with the other non-management directors

CEO recommends bonus targets for executives other than himself

In first fiscal quarter, CEO recommends grant date fair value of awards for executives other than himself

Early in the fiscal year, the Committee reviews bonus targets with input from its consultant and in light of the targets established by employment agreements and competitive conditions and determines bonus targets as a percentage of fiscal year-end salary for each executive

Committee reviews proposed awards with input from consultant and reviews with other non-management directors

Committee determines the dollar values of awards

After the end of the fiscal year, management presents financial results to the Committee

Exercise price and number of options and restricted stock units are determined by formula based on market price of common shares on the date of award

CEO recommends other performance factor multipliers for executives other than himself

Committee reviews the results and determines whether to make any adjustments to financial results and determines other performance factor multipliers and establishes bonus

Committee reviews determinations with the other non-management directors and, in the case of the CEO, seeks their concurrence in the Committee's determination

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The following table outlines the process for determining terms of employment agreements and compensation plans in which the named executive officers participate.

CEO

Committee arrives at proposed terms of agreement with input from consultant

Committee recommends terms of agreement to other non-management directors following negotiation with CEO

Committee participates with other non-management directors in determining terms of agreement for CEO

Other NEOs

CEO recommends terms of agreements

Committee reviews proposed terms of agreements with input from consultant

Committee determines material terms of agreements, subject to consultation with Board where the Committee deems appropriate

Committee requests management and its consultant to review compensation plans

Management and its consultant recommend changes to compensation plans in response to requests or on their own initiative

Committee reviews proposed changes to compensation plans with input from its consultant

Committee determines changes to compensation plans or recommends to Board if Board action is required

Committee participates with Board in determining changes when Board action is required

Management Input

In addition to the CEO recommendations described above, management regularly:

- provides data, analysis and recommendations to the Compensation Committee regarding the Company's executive compensation programs and policies;
- administers those programs and policies as directed by the Committee;
- provides an ongoing review of the effectiveness of the compensation programs, including competitiveness and alignment with the Company's objectives; and

recommends changes to compensation programs if needed to help achieve program objectives.

The Committee meets regularly in executive session without management present to discuss compensation decisions and matters relating to the design and operation of the executive compensation program.

Compensation Consultant

The Compensation Committee has retained the firm of Frederic W. Cook & Co., Inc. as its compensation consultant. The consultant assists the Committee's development and evaluation of compensation policies and practices and the Committee's determinations of compensation awards by:

- attending Committee meetings;
- meeting with the Committee without management present;
- providing third-party data, advice and expertise on proposed executive compensation awards and plan designs;
- reviewing briefing materials prepared by management and outside advisers and advising the Committee on the matters included in these materials, including the consistency of proposals with the Committee's compensation philosophy and comparisons to programs at other companies; and
- preparing its own analysis of compensation matters, including positioning of programs in the competitive market and the design of plans consistent with the Committee's compensation philosophy.

The Committee considers input from the consultant as one factor in making decisions on compensation matters, along with information and analyses it receives from management and its own judgment and experience.

The Compensation Committee has adopted a policy requiring its consultant to be independent of Company management. The Committee performs an annual assessment of the consultant's independence to determine whether the consultant is independent. The Committee assessed Frederic W. Cook & Co. Inc.'s independence in November 2016 and confirmed that the firm's work has not raised any conflict of interest and the firm is independent under the policy.

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2016 Compensation Decisions

This section discusses the specific decisions made by the Compensation Committee in fiscal 2016 or with respect to fiscal 2016 compensation.

Investor Engagement

At our 2016 Annual Meeting, 85% of shares cast voted in favor of the advisory vote on executive compensation. We maintain a robust shareholder engagement program, and in fiscal 2016, we spoke with most of our twenty largest investors and contacted about 80% of our largest 50 investors, seeking input on compensation and governance matters. To enable the Board and the Compensation Committee to consider direct shareholder feedback, the Compensation Committee is updated on these conversations with investors and Committee and other Board members participate directly in a number of them. Consistent with views received by the Committee in connection with this engagement, the Committee remains focused on the alignment of pay and performance as well as the absolute level of executive compensation, particularly for the Chief Executive Officer.

The Committee believes that recent compensation trends demonstrate this focus, as executive compensation has reflected consistent strong financial performance by the Company. At the same time, compensation for the chief executive officer moderated in fiscal 2015 and moderated further in fiscal 2016 as double digit growth in income and adjusted earnings per share in each year did not quite match the extraordinary growth achieved in preceding years.

Employment Agreements

No new employment agreements for named executive officers were entered into during fiscal 2016.

Performance Goals

The Compensation Committee sets performance goals for each fiscal year early in that year, and evaluates performance against those goals after the fiscal year has ended to arrive at its compensation decisions.

Setting Goals

Financial Performance

In December 2015, the Compensation Committee selected the following financial measures and relative weights for calculating the portion of the named executive officers' bonuses that is based on financial performance:

- segment operating income (25.0%)
- earnings per share (28.6%)
- after-tax free cash flow (21.4%)
- return on invested capital (25.0%)

These are the same measures used in recent years, and the Committee selected them because it believes successful performance against these measures promotes the creation of long-term shareholder value. The Committee places slightly more weight on earnings per share and slightly less weight on after-tax free cash flow because, between the two, it believes earnings per share is somewhat more closely related to shareholder value.

The Committee also established performance ranges for each of the measures in December 2015. These ranges are used to determine the multiplier that is applied to 70% of each named executive officer's target bonus. The overall financial performance multiple is equal to the weighted average of the performance multiples for each of the four measures. The performance multiple for each measure is zero if performance is below the bottom of the range and varies from 35% at the low end of the range to a maximum of 200% at the top end of the range. The

Committee believes the top of each range represents extraordinary performance and the bottom represents disappointing performance. The target for 70% of an executive's bonus that is tied to these measures generally cannot be achieved unless there is meaningful growth across the four financial measures on a weighted basis.

In establishing these ranges for fiscal 2016, the Committee set ranges that generally incorporated higher growth rates than the fiscal 2015 ranges. The exception was free cash flow, where the range was relatively unchanged due to its broad range. The following table shows actual performance in fiscal 2015 and the target ranges chosen by the Committee for fiscal 2016 (dollars in millions except per share amounts):

Segment Operating Income*	$14,681	$12,437-$16,824
Adjusted earnings per share*	$5.15	$4.24-$6.16
After-tax free cash flow**	$8,843	$4,267-11,250
Return on Invested Capital***	13.4%	11.4%-14.6%

*
For purposes of the annual performance-based bonuses, "segment operating income" and "adjusted earnings per share" are calculated as set forth in Annex A.

**
For purposes of the annual performance-based bonuses, "after-tax free cash flow" was defined as cash provided by operations plus cash paid for restructuring costs and less investments in parks, resorts and other properties, all on an equity basis (i.e., including Euro Disney, Hong Kong Disneyland and Shanghai Disney Resort as if they were equity investments rather than on a consolidated basis).

***
For purposes of the annual performance-based bonuses "return on invested capital" was defined as the aggregate segment operating income less corporate and unallocated shared expenses (both on an after-tax basis), divided by average net assets (including net goodwill) invested in operations, all on an equity basis (i.e., including Euro Disney, Hong Kong Disneyland and Shanghai Disney Resort as if they were equity investments rather than on a consolidated basis).

Other Performance Factors

The Committee also established other performance factors for the fiscal 2016 annual bonus in December 2015. The Committee established the following factors based on the recommendation of Mr. Iger and the strategic objectives of the Company:

- Foster quality, creativity and innovation in how we create, market and distribute all of our products
- Reinforce a total company perspective and a shared commitment to each others' success across all our operations and activities
- Drive long-term growth internationally, particularly through recent acquisitions and initiatives
- Manage efficiency across all areas of spending
- Support the hiring, development and talent planning of diverse executives; champion flexible work practices, a workplace and women's initiative and U.S. Hispanic priorities; and develop content, products, and guest experiences that appeal to diverse audiences

Evaluating Performance

After the fiscal year ended, the Compensation Committee reviewed the overall performance of the Company. The Company once again achieved robust growth in all key financial metrics even following the substantial growth in those metrics over the two preceding years. Data detailing this performance is set forth in the proxy statement summary beginning on page 1.

The robust financial performance drove growth in each of the four financial measures used to determine 70% of each named executive officer's bonus award. Segment operating income grew 7% on top of 13% growth in fiscal 2015 and 21% growth in fiscal 2014, adjusted earnings per share grew 11% on top of 19% growth in fiscal 2015 and 27% growth in fiscal 2014, return on invested capital grew 60 basis points to 14.0%, and after-tax free cash flow grew 16% on top of 17% growth in fiscal 2015 and growth of 1% in fiscal 2014. Based on these results, the weighted financial performance factor was 152% compared to a performance factor of 186% for fiscal 2015.

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The following chart shows actual performance in fiscal 2016 with respect to each of these measures relative to prior year performance and the ranges established at the beginning of the fiscal year and the resulting performance factor used in calculating the aggregate financial performance goal multiple. (Dollars in millions except per share amounts.)

In comparing actual performance for fiscal 2016 to the performance ranges, the Compensation Committee excluded the impact of a net gain associated with the acquisition by A+E Television Networks of an interest in Vice Group Holdings, charges taken in connection with the discontinuation of our Infinity console game business and the net impact of restructuring and impairment charges.

The Committee also evaluated performance of each executive officer against the other performance factors established at the beginning of the year, taking into account the recommendations of Mr. Iger (except as to his own compensation) and the Company's strong performance during fiscal 2016.

Individual Compensation Decisions

The following table summarizes compensation decisions made by the Committee with respect to each of the named executive officers. The Committee established the calendar year salary and performance-based bonus target amount for each of the named executive officers early in the fiscal year. The final bonus award was calculated after the fiscal year ended using the financial performance factor of 152% described above and the other performance factors determined by the Committee described below applied to the target bonus opportunity for that executive.

Salary	Performance-Based Bonus	Equity Awards

bert A. Iger	$2,500,000	$12,000,000	152%	202%	$20,000,000	$17,282,791	74,666		271,
an N. Braverman	$1,565,000	$3,130,000	152%	225%	$5,440,000	$3,130,077	7,942	8,293	40,
ristine M. Carthy	$1,300,000	$2,600,000	152%	225%	$4,520,000	$3,250,164	8,247	8,611	41,
vin A. Mayer	$1,300,000	$2,600,000	152%	225%	$4,520,000	$3,250,164	8,247	8,611	41,
Jayne Parker	$835,000	$1,043,750	152%	225%	$1,815,000	$2,200,174	5,583	5,829	28,
omas O. Staggs	$2,060,000	4	4	4	4	$8,240,140	34,846		132,

1 Multiplied by 70% of the target amount.

2 Multiplied by 30% of the target amount.

3 The number of restricted stock units and options was calculated from the value of the award as described in the table on pages 21 to 22.

4 Mr. Staggs's performance based bonus was determined after his termination pursuant to the terms of his employment agreement and is discussed on page 52.

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The compensation set forth above and described below differs from the total compensation reported in the Summary Compensation Table as follows:

- The compensation set forth above does not include the change in pension value and nonqualified deferred compensation earnings as the change in pension value does not reflect decisions made by the Committee during the fiscal year.

- The compensation set forth above does not include perquisites and benefits and other compensation as these items are generally determined by contract and do not reflect decisions made by the Committee during the fiscal year.

The Committee's determination on each of these matters was based on the recommendation of Mr. Iger (except in the case of his own compensation), the parameters established by the executive's employment agreement and the factors described below. In determining the appropriate other performance factor for individual executives, the Committee and Mr. Iger take into consideration that the named executive officers operate as a team in contributing to success across the Company. In addition, in determining equity awards, the Committee considered its overall long-term incentive guidelines for all executives, which, in the context of the competitive market for executive talent, attempt to balance the benefits of incentive compensation tied to performance of the Company's common stock with the dilutive effect of equity compensation awards.

Mr. Iger

Salary	Mr. Iger's 2016 annual salary rate was unchanged from his 2015 salary and is equal to the amount set in his employment agreement.
Performance-based Bonus	Target Bonus Mr. Iger's fiscal 2016 target bonus amount was unchanged from fiscal 2015 and is equal to the amount set in his employment agreement. Other Performance Factor The Committee applied a factor of 202% with respect to other performance factors for Mr. Iger in fiscal 2016 compared to a factor of 186% in fiscal 2015. In fiscal 2016, Mr. Iger provided outstanding leadership in, and was critical to, accomplishing two key strategic objectives that are expected to contribute significantly to future growth: the exceptional success of the Company's relaunch of the *Star Wars* franchise and the historic and successful opening of Shanghai Disney Resort. In addition, the Committee considered Mr. Iger's continued strategic leadership in advancing synergies and creative successes across the entire Company, sustaining strong financial performance and positioning the Company for robust long-term growth. In addition to the relaunch of *Star Wars* and opening of Shanghai Disney Resort, key accomplishments demonstrating Mr. Iger's leadership during the year included: - Overall record-breaking Studio performance with operating income of $2.7 billion including contributions from Disney-branded films *The Jungle Book* and *Zootopia*, Pixar's *Finding Dory* and Marvel's *Captain America: Civil War*. - Positioning the Company to respond to and capitalize on changing patterns of media consumption enabled by technology through inclusion of key cable networks in innovative cable and digital offerings and through the acquisition of a 33% stake in BAMTech.

Continued emphasis on diversity with the first Latina princess, *Elena of Avalor*, and Emmy nomination for an African-American woman as a lead actress in a comedy (*Black ish*) and in a drama (*How to Get Away with Murder*) on ABC.

Fortune named Disney as one of the world's most admired companies for 2016, and Disney continued to achieve the highest ranking among media and entertainment companies in several independent studies including *Brand Finance's* World's Most Powerful Brand and *Forbes*' Most Reputable Companies.

Equity Award Value	The Committee left the value of Mr. Iger's equity award approximately equal to the value of his fiscal 2015 award.

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Mr. Braverman

Salary	The Committee increased Mr. Braverman's 2015 salary by 4% to $1,565,000 to reflect changes in the market for executive talent and his continued outstanding performance.
Performance-based Bonus	Target Bonus Mr. Braverman's target bonus for fiscal 2016 is equal to two times his fiscal year end salary, as set forth in his employment agreement. Other Performance Factor The Committee applied a factor of 225% with respect to other performance factors for Mr. Braverman in fiscal 2016 compared to a factor of 180% in fiscal 2015. The determination this year reflected Mr. Iger's recommendation and Mr. Braverman's accomplishments during the year, which included: Continued leadership of the Company's legal positions on significant litigation matters, transactions and regulatory developments including European Union copyright regulation and US set-top box regulations. Oversaw legal strategies in preparation of the opening of Shanghai Disney Resort. Continued development of a framework for evaluating legal issues arising out of the evolving ecosystem for distribution and monetization of video content. Led oversight of the Company's governmental affairs and public policy positions on both a domestic and global level. Continued to promote diversity of hiring in the legal department and to promote development of the department's pro bono legal program, each of which resulted in industry recognition of efforts in these areas.
Equity Award Value	The equity award value for Mr. Braverman is equal to two times his fiscal year end salary as set forth in his employment agreement.

Ms. McCarthy

Salary	The Committee increased Ms. McCarthy's salary by 4% to $1,300,000 to reflect changes in the market for executive talent and her continued outstanding performance.
Performance-based Bonus	Target Bonus Ms. McCarthy's target bonus for fiscal 2016 is equal to two times her fiscal year end salary, as set forth in her employment agreement.

Other Performance Factor

The Committee applied a factor of 225% with respect to other performance factors for Ms. McCarthy in fiscal 2016 compared to a factor of 140% in fiscal 2015. The determination this year reflected Mr. Iger's recommendation and Ms. McCarthy's accomplishments during the year, which included:

- Led and managed the Company's finance organization and continued to increase the level of collaboration and partnership between corporate and segment financial functions.
- Maintained and promoted Disney's financial and capital markets strength, including successful debt offerings and structured long-term financings.
- Supported international financial initiatives including funding of the planned expansion at Hong Kong Disneyland and evaluation of Disneyland Paris financial structure.
- Consolidated corporate functions for continued efficiency and consistency including supply chain management and global public policy.
- Provided active oversight of the corporate real estate function through recruitment, onboarding and ongoing support of new leadership for this function.
- Developed an enterprise-wide tax risk management strategy.

Equity Award Value

The annual equity award value for Ms. McCarthy is equal to 2.5 times her expected fiscal year end salary as set forth in her employment agreement.

Mr. Mayer

Salary	The Committee increased Mr. Mayer's salary by 4% to $1,300,000 to reflect changes in the market for executive talent and his continued outstanding performance.
Performance-based Bonus	Target Bonus Mr. Mayer's target bonus for fiscal 2016 is equal to two times his fiscal year end salary, as set forth in his employment agreement. Other Performance Factor The Committee applied a factor of 225% with respect to other performance factors for Mr. Mayer in fiscal 2016 compared to a factor of 140% in fiscal 2015. The determination this year reflected Mr. Iger's recommendation and Mr. Mayer's accomplishments during the year, which included: Managed the Company's strategic merger and acquisition and joint venture activity, particularly to position the Company to engage in developing models for distributing media, including investments in BAMTech, Vice Media and Hulu. Identified opportunities to modernize our presentation of brands and franchises, and aligned business segments and regions to common strategic and creative directions for key franchises. Supported technology innovation and expanded the scope of the Disney Accelerator program to enhance value creation opportunities. Implemented a Company-wide data management program, reviewing consumer behavior and strategies to maximize revenue and target advertising expenditures.
Equity Award Value	The annual equity award value for Mr. Mayer is equal to 2.5 times his expected fiscal year end salary as set forth in his employment agreement.

Ms. Parker

Salary	The Committee increased Ms. Parker's salary by 4% to $835,000 to reflect changes in the market for executive talent and her continued outstanding performance.
Performance-based Bonus	Target Bonus Ms. Parker's target bonus for fiscal 2016 is equal to 1.25 times her fiscal year end salary, as set forth in her employment agreement. Other Performance Factor The Committee applied a factor of 225% with respect to other performance factors for Ms. Parker in fiscal 2016 compared to a factor of 180% in fiscal 2015. The determination this year reflected Mr. Iger's recommendation and Ms. Parker's accomplishments during the year, which included:

Continued to centralize the human resources organization to deliver cost efficiency, leverage expertise across the Company and allow segments to focus on strategic activities that directly align with their business goals.

Enhanced the ability to develop world-class talent through successful implementation of a new performance management process and leadership development programs.

Strengthened recruitment strategies to position Disney as an employer of choice for technology talent, expanded hiring of veterans, and increased female and diverse executive hires.

Continued integration of strong global security practices in support of the opening of Shanghai Disney Resort and in response to the heightened threat of terrorism worldwide.

Equity Award Value

The equity award value for Ms. Parker is equal to 2.6 times her fiscal year end salary (compared to a minimum value of two times her fiscal year end salary as set forth in her employment agreement) based on Mr. Iger's recommendation, Ms. Parker's continued outstanding performance and the market for executive talent.

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Mr. Staggs

Salary	The Committee increased Mr. Staggs's salary by 3% to $2,060,000 to reflect the market for executive talent.
Performance-based Bonus	Mr. Staggs performance-based bonus was determined after his termination pursuant to the terms of his employment agreement and is discussed on page 52.
Equity Award Value	The equity award value for Mr. Staggs was equal to four times his fiscal year end salary as set forth in his employment agreement.

Compensation Committee Report

The Compensation Committee has:

(1) reviewed and discussed the Compensation Discussion and Analysis included in this proxy statement with management; and

(2) based on this review and discussion, recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's proxy statement relating to the 2017 Annual Meeting of shareholders.

Members of the Compensation Committee

Susan E. Arnold (Chair)
Maria Elena Lagomasino
Aylwin B. Lewis
Orin C. Smith

Compensation Tables

Fiscal 2016 Summary Compensation Table

The following table provides information concerning the total compensation earned in fiscal 2014 (except for Mr. Staggs and Ms. McCarthy, who were not named executive officers in those years), in fiscal 2015 and fiscal 2016 by the chief executive officer, the chief financial officer and the three other persons serving as executive officers at the end of fiscal 2016 who were the most highly compensated executive officers of the Company in fiscal 2016, plus Mr. Staggs, the chief operating officer through May 6, 2016. These six officers are referred to as the named executive officers or NEOs in this proxy statement. Information regarding the amounts in each column follows the table.

Robert A. Iger	2016	$2,500,000	$8,828,117	$8,454,674	$20,000,000	$2,893,778	$1,205,827	$43,882,396
Chairman and Chief Executive	2015	2,548,077	8,862,741	8,419,823	22,340,000	1,423,047	1,319,926	44,913,614
Officer	2014	2,500,000	8,943,204	8,339,396	22,810,000	2,795,268	1,109,150	46,497,018
Alan N. Braverman	2016	1,549,000	1,878,037	1,252,040	5,440,000	931,443	68,431	11,118,951
Senior Executive Vice President,	2015	1,502,692	1,847,400	1,200,012	5,532,000	395,940	216,573	10,694,617
General Counsel and Secretary	2014	1,374,231	1,865,250	1,200,017	5,325,000	760,263	60,544	10,585,305
Christine M. McCarthy	2016	1,287,692	1,950,106	1,300,058	4,520,000	1,104,131	36,523	10,198,510
Senior Executive Vice President and Chief Financial Officer	2015	869,712	1,003,783	652,018	4,310,000	155,346	79,194	7,070,053

Kevin A. Mayer	2016	1,287,692	1,950,106	1,300,058	4,520,000	1,031,418	36,075	10,125,349
Senior Executive Vice President	2015	1,050,250	1,354,785	880,006	4,310,000	303,767	107,763	8,006,571
and Chief Strategy Officer	2014	925,981	1,243,500	800,005	2,222,000	571,782	40,142	5,803,410
M. Jayne Parker	2016	826,385	1,320,122	880,052	1,815,000	711,775	51,060	5,604,394
Executive Vice President and	2015	797,077	1,354,785	880,006	1,844,000	664,810	112,388	5,653,066
Chief Human Resources Officer	2014	722,269	1,243,500	800,005	1,735,000	880,174	37,339	5,418,287
Thomas O. Staggs	2016	2,045,231	4,120,009[4]	4,120,131[4]	7,000,000	829,470	3,642,246[5]	21,757,087
Former Chief Operating Officer	2015	1,963,541	4,606,238	3,404,372	8,620,000	1,362,596	49,490	20,006,237

1 The amounts reflect compensation for 53 weeks in fiscal year 2015 compared to 52 weeks in fiscal 2014 and fiscal 2016 due to the timing of the end of the fiscal period.

2 Stock awards for each fiscal year include awards subject to performance conditions that were valued based on the probability that performance targets will be achieved. Assuming the highest level of performance conditions are achieved, the grant date stock award values would be as follows:

2016	$ 12,681,647	$2,287,925	$2,375,735	$ 2,375,735	$ 1,608,262	$ 5,918,419
2015	12,629,785	2,250,073	1,222,575	1,650,084	1,650,084	5,780,623
2014	12,509,144	2,250,109	NA	1,500,072	1,500,072	NA

3

As described more fully under "Change in Pension Value and Nonqualified Deferred Compensation Earnings" below, changes in pension value in 2014, 2015 and 2016 were driven largely by changes in the discount rate applied to calculate the present value of future pension payments.

4

As a result of the termination of Mr. Staggs's employment, he will not vest or have value in his stock awards and he will vest in only one-half of his option awards. The grant date fair value of the option awards that will vest is $2,060,066.

5

This includes salary continuation through the original termination date of Mr. Staggs's employment agreement as described on page 52, below.

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Salary. This column sets forth the base salary earned during each fiscal year.

Stock Awards. This column sets forth the grant date fair value of the restricted stock unit awards granted to the named executive officers during each fiscal year as part of the Company's long-term incentive compensation program. The grant date fair value of these awards was calculated by multiplying the number of units awarded by the average of the high and low trading price of the Company's common stock on the grant date, subject to valuation adjustments for restricted stock unit awards subject to performance-based vesting conditions other than the test to assure deductibility under Section 162(m) of the Internal Revenue Code. The valuation adjustments, which reflect the fact that the number of shares received on vesting varies based on the level of performance achieved, were determined using a Monte Carlo simulation that determines the probability that the performance targets will be achieved. The grant date fair value of the restricted stock unit awards granted during fiscal 2016 is also included in the Fiscal 2016 Grants of Plan Based Awards table on page 38.

Option Awards. This column sets forth the grant date fair value of options to purchase shares of the Company's common stock granted to the named executive officers during each fiscal year. The grant-date fair value of these options was calculated using a binomial option pricing model. The assumptions used in estimating the fair value of these options are set forth in footnote 12 to the Company's Audited Financial Statements for fiscal 2016. The grant date fair value of the options granted during fiscal 2016 is also included in the Fiscal 2016 Grants of Plan Based Awards table on page 38.

Non-Equity Incentive Plan Compensation. This column sets forth the amount of compensation earned by the named executive officers under the Company's annual performance-based bonus program during each fiscal year. A description of the Company's annual performance-based bonus program is included in the discussion of *"2016 Total Direct Compensation"* in the *"Executive Compensation Program Structure"* section, and the determination of performance-based bonuses for fiscal 2016 is described in the *"2016 Compensation Decisions"* section of th