

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended
March 29, 2008

Commission File Number 1-11605

The **WALT DISNEY** Company

Incorporated in Delaware

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

500 South Buena Vista Street, Burbank, California 91521

(818) 560-1000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one).

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes No

There were 1,905,181,794 shares of common stock outstanding as of May 5, 2008.

PART I. FINANCIAL INFORMATION

Item 1: Financial Statements

THE WALT DISNEY COMPANY CONDENSED CONSOLIDATED STATEMENTS OF INCOME (unaudited; in millions, except per share data)

	Quarter Ended		Six Months Ended	
	March 29, 2008	March 31, 2007	March 29, 2008	March 31, 2007
Revenues	\$ 8,710	\$ 7,954	\$ 19,162	\$ 17,535
Costs and expenses	(6,812)	(6,441)	(15,231)	(14,348)
Gains on sales of equity investments	—	—	—	1,052
Net interest expense	(147)	(130)	(270)	(287)
Equity in the income of investees	<u>144</u>	<u>121</u>	<u>267</u>	<u>242</u>
Income from continuing operations before income taxes and minority interests	1,895	1,504	3,928	4,194
Income taxes	(712)	(582)	(1,471)	(1,591)
Minority interests	<u>(50)</u>	<u>(3)</u>	<u>(74)</u>	<u>(8)</u>
Income from continuing operations	1,133	919	2,383	2,595
Discontinued operations, net of tax	—	12	—	37
Net income	<u>\$ 1,133</u>	<u>\$ 931</u>	<u>\$ 2,383</u>	<u>\$ 2,632</u>
Diluted earnings per share:				
Earnings per share, continuing operations	0.58	0.43	1.21	1.22
Earnings per share, discontinued operations	—	0.01	—	0.02
Earnings per share	<u>\$ 0.58</u>	<u>\$ 0.44</u>	<u>\$ 1.21</u>	<u>\$ 1.24</u>
Basic earnings per share:				
Earnings per share, continuing operations	0.60	0.45	1.26	1.27
Earnings per share, discontinued operations	—	0.01	—	0.02
Earnings per share ⁽¹⁾	<u>\$ 0.60</u>	<u>\$ 0.46</u>	<u>\$ 1.26</u>	<u>\$ 1.28</u>
Weighted average number of common and common equivalent shares outstanding:				
Diluted	<u>1,960</u>	<u>2,129</u>	<u>1,974</u>	<u>2,138</u>
Basic	<u>1,883</u>	<u>2,039</u>	<u>1,893</u>	<u>2,049</u>

⁽¹⁾ Earnings per share may not equal the sum of the column due to rounding.

See Notes to Condensed Consolidated Financial Statements

THE WALT DISNEY COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited; in millions, except per share data)

	March 29, 2008	September 29, 2007
<i>ASSETS</i>		
Current assets		
Cash and cash equivalents	\$ 3,860	\$ 3,670
Receivables	5,595	5,032
Inventories	841	641
Television costs	646	559
Deferred income taxes	862	862
Other current assets	592	550
Total current assets	12,396	11,314
Film and television costs	4,878	5,123
Investments	1,154	995
Parks, resorts and other property, at cost		
Attractions, buildings and equipment	31,248	30,260
Accumulated depreciation	(16,035)	(15,145)
	15,213	15,115
Projects in progress	1,159	1,147
Land	1,185	1,171
	17,557	17,433
Intangible assets, net	2,473	2,494
Goodwill	22,094	22,085
Other assets	1,739	1,484
	\$ 62,291	\$ 60,928
<i>LIABILITIES AND SHAREHOLDERS' EQUITY</i>		
Current liabilities		
Accounts payable and other accrued liabilities	\$ 5,399	\$ 5,949
Current portion of borrowings	2,861	3,280
Unearned royalties and other advances	2,996	2,162
Total current liabilities	11,256	11,391
Borrowings	12,929	11,892
Deferred income taxes	2,321	2,573
Other long-term liabilities	3,851	3,024
Minority interests	1,146	1,295
Commitments and contingencies		
Shareholders' equity		
Preferred stock, \$.01 par value		
Authorized - 100 million shares, Issued - none	-	-
Common stock, \$.01 par value		
Authorized - 3.6 billion shares, Issued - 2.6 billion shares at March 29, 2008 and at September 29, 2007	24,602	24,207
Retained earnings	26,381	24,805
Accumulated other comprehensive loss	(122)	(157)
	50,861	48,855
Treasury stock, at cost, 698.8 million shares at March 29, 2008 and 637.8 million shares at September 29, 2007	(20,073)	(18,102)
	30,788	30,753
	\$ 62,291	\$ 60,928

See Notes to Condensed Consolidated Financial Statements

THE WALT DISNEY COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited; in millions)

	Six Months Ended	
	March 29, 2008	March 31, 2007
<i>OPERATING ACTIVITIES OF CONTINUING OPERATIONS</i>		
Net income	\$ 2,383	\$ 2,632
Income from discontinued operations	—	(37)
Depreciation and amortization	776	734
Gains on sales of equity investments	—	(1,052)
Deferred income taxes	60	(32)
Equity in the income of investees	(267)	(242)
Cash distributions received from equity investees	257	203
Minority interests	74	8
Net change in film and television costs	56	38
Equity-based compensation	201	233
Other	114	93
Changes in operating assets and liabilities:		
Receivables	(481)	(237)
Inventories	(128)	72
Other assets	(6)	130
Accounts payable and other accrued liabilities	397	(34)
Income taxes	(171)	189
Cash provided by continuing operations	<u>3,265</u>	<u>2,698</u>
<i>INVESTING ACTIVITIES OF CONTINUING OPERATIONS</i>		
Investments in parks, resorts and other property	(596)	(546)
Proceeds from sales of equity investments	—	1,530
Acquisitions (including equity investments)	(163)	(167)
Other	(48)	133
Cash (used) provided by continuing investing activities	<u>(807)</u>	<u>950</u>
<i>FINANCING ACTIVITIES OF CONTINUING OPERATIONS</i>		
Commercial paper borrowings, net	(616)	134
Borrowings	881	186
Reduction of borrowings	(150)	(1,260)
Dividends	(664)	(637)
Repurchases of common stock	(1,967)	(3,256)
Exercise of stock options and other	248	854
Cash used by continuing financing activities	<u>(2,268)</u>	<u>(3,979)</u>
<i>CASH FLOW OF DISCONTINUED OPERATIONS</i>		
Net cash provided by operating activities of discontinued operations	—	62
Net cash used in investing activities of discontinued operations	—	—
Net cash provided by financing activities of discontinued operations	—	40
Increase / (decrease) in cash and cash equivalents	190	(229)
Cash and cash equivalents, beginning of period	3,670	2,411
Cash and cash equivalents, end of period	<u>\$ 3,860</u>	<u>\$ 2,182</u>

See Notes to Condensed Consolidated Financial Statements

THE WALT DISNEY COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited; tabular dollars in millions, except for per share data)

1. *Principles of Consolidation*

These Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial information and the instructions to Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, normal recurring adjustments considered necessary for a fair presentation have been reflected in these Condensed Consolidated Financial Statements. Operating results for the quarter and six months ended March 29, 2008 are not necessarily indicative of the results that may be expected for the year ending September 27, 2008. Certain reclassifications have been made in the prior year financial statements to conform to the current year presentation.

These financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended September 29, 2007.

In December 1999, DVD Financing, Inc. (DFI), a subsidiary of Disney Vacation Development, Inc. and an indirect subsidiary of the Company, completed a receivables sale transaction which established a facility that permits DFI to sell receivables arising from the sale of vacation club memberships on a periodic basis. In connection with this facility, DFI prepares separate financial statements, although its separate assets and liabilities are also consolidated in these financial statements.

The terms "Company," "we," "us," and "our" are used in this report to refer collectively to the parent company and the subsidiaries through which our various businesses are actually conducted.

2. *Segment Information*

The operating segments reported below are the segments of the Company for which separate financial information is available and for which segment results are evaluated regularly by the Chief Executive Officer in deciding how to allocate resources and in assessing performance. The Company reports the performance of its operating segments including equity in the income of investees, which consists primarily of cable businesses included in the Media Networks segment.

THE WALT DISNEY COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited; tabular dollars in millions, except for per share data)

	<u>Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>March 29, 2008</u>	<u>March 31, 2007</u>	<u>March 29, 2008</u>	<u>March 31, 2007</u>
Revenues ⁽¹⁾⁽²⁾ :				
Media Networks	\$ 3,612	\$ 3,456	\$ 7,781	\$ 7,242
Parks and Resorts	2,725	2,446	5,497	4,935
Studio Entertainment	1,822	1,550	4,463	4,183
Consumer Products	551	502	1,421	1,175
	<u>\$ 8,710</u>	<u>\$ 7,954</u>	<u>\$ 19,162</u>	<u>\$ 17,535</u>
Segment operating income ⁽¹⁾⁽²⁾ :				
Media Networks	\$ 1,317	\$ 1,152	\$ 2,225	\$ 1,860
Parks and Resorts	339	254	844	659
Studio Entertainment	377	234	891	837
Consumer Products	107	124	429	358
	<u>\$ 2,140</u>	<u>\$ 1,764</u>	<u>\$ 4,389</u>	<u>\$ 3,714</u>

(1) The Studio Entertainment segment receives royalties on Consumer Products sales of merchandise based on certain Studio film properties. This intersegment revenue and operating income was \$51 million for the quarters ended March 29, 2008 and March 31, 2007, respectively, and \$105 million and \$98 million for the six months ended March 29, 2008 and March 31, 2007, respectively.

(2) Beginning with the first quarter of fiscal 2008, the Company began reporting Hyperion Publishing in the Media Networks segment. Previously, Hyperion Publishing had been reported in the Consumer Products segment. Prior-period amounts (which are not material) have been reclassified to conform to the current presentation.

A reconciliation of segment operating income to income from continuing operations before income taxes and minority interests is as follows:

	<u>Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>March 29, 2008</u>	<u>March 31, 2007</u>	<u>March 29, 2008</u>	<u>March 31, 2007</u>
Segment operating income	\$ 2,140	\$ 1,764	\$ 4,389	\$ 3,714
Corporate and unallocated shared expenses	(98)	(130)	(191)	(237)
Equity-based compensation plan modification charge	—	—	—	(48)
Gains on sales of equity investments	—	—	—	1,052
Net interest expense	(147)	(130)	(270)	(287)
Income from continuing operations before income taxes and minority interests	<u>\$ 1,895</u>	<u>\$ 1,504</u>	<u>\$ 3,928</u>	<u>\$ 4,194</u>

THE WALT DISNEY COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited; tabular dollars in millions, except for per share data)

3. *Acquisitions and Dispositions*

On February 16, 2008, the Company entered into an agreement to acquire an additional 18% fully diluted interest (bringing the total fully diluted interest to 32%) in UTV Software Communications Limited (UTV), a media company headquartered and publicly traded in India, for approximately \$200 million. Concurrently, we will also invest an incremental \$30 million in UTV subsidiary UTV Global Broadcasting Limited. As required by Indian securities regulations and upon close of the direct investment in UTV, the Company is required to make an open tender offer to purchase up to an additional 20% of the voting shares of UTV held by the public at the same price per share. The acquisition has received regulatory approval in India and is expected to close in May 2008. The open offer for additional shares is expected to be completed by the end of July 2008.

On August 1, 2007, the Company acquired all of the outstanding shares of Club Penguin Entertainment, Inc. (Club Penguin), a Canadian company that operates clubpenguin.com, an online virtual world for children. The purchase price included upfront cash consideration of approximately \$350 million and additional consideration of up to \$350 million that may be paid if Club Penguin achieves predefined earnings targets for calendar years 2008 and 2009.

On June 12, 2007, the Company completed the spin-off of its wholly-owned subsidiary, ABC Radio Holdings, Inc., and its merger with a subsidiary of Citadel Broadcasting Corporation (Citadel). Prior to the spin-off, the Company consolidated its ABC Radio business, consisting of 22 large-market radio stations and the ABC Radio Network businesses, under ABC Radio Holdings, Inc. The transaction did not include the Company's ESPN Radio or Radio Disney network and station businesses. Results of the ABC Radio business have been reported as discontinued operations.

On November 21, 2006, in connection with the execution of new long-term agreements for the provision of programming to cable service provider Comcast Corporation (Comcast), the Company sold its 39.5% interest in E! Entertainment Television (E!) to Comcast (which owned the remainder of the interest in E!) for \$1.23 billion, which resulted in a pre-tax gain of \$780 million (\$487 million after-tax). On October 2, 2006, the Company sold its 50% stake in Us Weekly for \$300 million, which resulted in a pre-tax gain of \$272 million (\$170 million after-tax). These gains are reported in "Gains on sales of equity investments" in the Condensed Consolidated Statement of Income.

THE WALT DISNEY COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited; tabular dollars in millions, except for per share data)

4. Borrowings

During the six months ended March 29, 2008, the Company's borrowing activity was as follows:

	September 29, 2007	Additions	Payments	Other Activity	March 29, 2008
Commercial paper borrowings	\$ 2,686	\$ —	\$ (616)	\$ —	\$ 2,070
U.S. medium-term notes	6,340	750	(85)	(2)	7,003
Convertible senior notes ⁽¹⁾	1,323	—	—	—	1,323
European medium-term notes	163	—	—	—	163
Capital Cities/ABC debt	181	—	—	(2)	179
Film financing	355	100	(62)	—	393
Other ⁽²⁾	541	5	(40)	223	729
Euro Disney borrowings ⁽³⁾	2,476	—	—	292	2,768
Hong Kong Disneyland borrowings	1,107	26	—	29	1,162
Total	\$ 15,172	\$ 881	\$ (803)	\$ 540	\$ 15,790

- (1) In April 2008, substantially all of the \$1.3 billion of convertible senior notes were converted into 45 million shares of common stock (see Note 14 for further details of the conversion).
- (2) The increase in other activity was primarily due to market value adjustments for debt with qualifying hedges and the purchase of land for a Disney Vacation Club resort in Hawaii.
- (3) The increase in other activity was primarily due to the impact of foreign currency translation as a result of the weakening of the U.S. dollar against the Euro.

5. Euro Disney and Hong Kong Disneyland

The Company has a 51% effective ownership interest in the operations of Euro Disney and a 43% ownership interest in the operations of Hong Kong Disneyland which are both consolidated under the provisions of FIN 46R, *Consolidation of Variable Interest Entities*.

THE WALT DISNEY COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited; tabular dollars in millions, except for per share data)

The following table presents a condensed consolidating balance sheet for the Company as of March 29, 2008, reflecting the impact of consolidating the balance sheets of Euro Disney and Hong Kong Disneyland.

	Before Euro Disney and Hong Kong Disneyland Consolidation	Euro Disney, Hong Kong Disneyland and Adjustments	Total
Cash and cash equivalents	\$ 3,266	\$ 594	\$ 3,860
Other current assets	8,239	297	8,536
Total current assets	11,505	891	12,396
Investments	1,871	(717)	1,154
Fixed assets	12,454	5,103	17,557
Other assets	31,124	60	31,184
Total assets	<u>\$ 56,954</u>	<u>\$ 5,337</u>	<u>\$ 62,291</u>
Current portion of borrowings	\$ 2,381	\$ 480	\$ 2,861
Other current liabilities	7,710	685	8,395
Total current liabilities	10,091	1,165	11,256
Borrowings	9,479	3,450	12,929
Deferred income taxes and other long-term liabilities	5,987	185	6,172
Minority interest	609	537	1,146
Shareholders' equity	30,788	—	30,788
Total liabilities and shareholders' equity	<u>\$ 56,954</u>	<u>\$ 5,337</u>	<u>\$ 62,291</u>

The following table presents a condensed consolidating income statement of the Company for the six months ended March 29, 2008, reflecting the impact of consolidating the income statements of Euro Disney and Hong Kong Disneyland.

	Before Euro Disney and Hong Kong Disneyland Consolidation	Euro Disney, Hong Kong Disneyland and Adjustments	Total
Revenues	\$ 18,108	\$ 1,054	\$ 19,162
Cost and expenses	(14,190)	(1,041)	(15,231)
Net interest expense	(182)	(88)	(270)
Equity in the income of investees	240	27	267
Income from continuing operations before income taxes and minority interests	3,976	(48)	3,928
Income taxes	(1,471)	—	(1,471)
Minority interests	(122)	48	(74)
Net income	<u>\$ 2,383</u>	<u>\$ —</u>	<u>\$ 2,383</u>

THE WALT DISNEY COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited; tabular dollars in millions, except for per share data)

The following table presents a condensed consolidating cash flow statement of the Company for the six months ended March 29, 2008, reflecting the impact of consolidating the cash flow statements of Euro Disney and Hong Kong Disneyland.

	Before Euro Disney and Hong Kong Disneyland Consolidation	Euro Disney, Hong Kong Disneyland and Adjustments	Total
Cash provided by operations	\$ 3,222	\$ 43	\$ 3,265
Investments in parks, resorts and other property	(523)	(73)	(596)
Other investing activities	(205)	(6)	(211)
Cash provided (used) by financing activities	(2,294)	26	(2,268)
Increase / (decrease) in cash and cash equivalents	200	(10)	190
Cash and cash equivalents, beginning of period	3,066	604	3,670
Cash and cash equivalents, end of period	<u>\$ 3,266</u>	<u>\$ 594</u>	<u>\$ 3,860</u>

6. Pension and Other Benefit Programs

The components of net periodic benefit cost are as follows:

	Pension Plans				Postretirement Medical Plans			
	Quarter Ended		Six Months Ended		Quarter Ended		Six Months Ended	
	March 29, 2008	March 31, 2007	March 29, 2008	March 31, 2007	March 29, 2008	March 31, 2007	March 29, 2008	March 31, 2007
Service cost	\$ 45	\$ 42	\$ 90	\$ 84	\$ 6	\$ 6	\$ 11	\$ 12
Interest cost	80	74	161	148	16	15	32	30
Expected return on plan assets	(89)	(76)	(178)	(152)	(7)	(5)	(13)	(10)
Recognized net actuarial loss	9	13	18	26	1	—	1	—
Net periodic benefit cost	<u>\$ 45</u>	<u>\$ 53</u>	<u>\$ 91</u>	<u>\$ 106</u>	<u>\$ 16</u>	<u>\$ 16</u>	<u>\$ 31</u>	<u>\$ 32</u>

During the six months ended March 29, 2008, the Company did not make any material contributions to its pension and post-retirement medical plans. Based on current actuarial projections, the Company anticipates that the funded status of the pension plans will be sufficient so that the Company will not be required to make contributions during fiscal 2008 under the funding regulations associated with the Pension Protection Act of 2006 (PPA). However, final funding requirements for fiscal 2008 will be determined based on our funding actuarial valuation as of January 1, 2008 which will be completed later in the fiscal year. Additionally, the Company may choose to make discretionary contributions above the minimum requirements. The Company contributed \$14 million during the six months ended March 29, 2008 to post-retirement medical and other pension plans not subject to the PPA and anticipates contributing comparable amounts during the remaining six months of fiscal 2008.

THE WALT DISNEY COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited; tabular dollars in millions, except for per share data)

7. Earnings Per Share

Diluted earnings per share amounts are based upon the weighted average number of common and common equivalent shares outstanding during the period and are calculated using the treasury stock method for equity-based compensation awards and assuming conversion of the Company's convertible senior notes. Options excluded from the diluted earnings per share calculation as they were anti-dilutive were 83 million and 45 million shares for the quarters ended March 29, 2008 and March 31, 2007, respectively, and 64 million and 43 million for the six months ended March 29, 2008 and March 31, 2008, respectively. A reconciliation of income from continuing operations and weighted average number of common and common equivalent shares outstanding for calculating diluted earnings per share is as follows:

	Quarter Ended		Six Months Ended	
	March 29, 2008	March 31, 2007	March 29, 2008	March 31, 2007
Income from continuing operations	\$ 1,133	\$ 919	\$ 2,383	\$ 2,595
Interest expense on convertible senior notes (net of tax)	6	6	11	11
	<u>\$ 1,139</u>	<u>\$ 925</u>	<u>\$ 2,394</u>	<u>\$ 2,606</u>
Shares (in millions):				
Weighted average number of common shares outstanding (basic)	1,883	2,039	1,893	2,049
Weighted average dilutive impact of equity-based compensation awards	32	45	36	44
Assumed conversion of convertible senior notes (see Note 14)	45	45	45	45
Weighted average number of common and common equivalent shares outstanding (diluted)	<u>1,960</u>	<u>2,129</u>	<u>1,974</u>	<u>2,138</u>

8. Shareholders' Equity

The Company declared a \$664 million dividend (\$0.35 per share) on November 28, 2007, related to fiscal 2007, which was paid on January 11, 2008, to shareholders of record on December 7, 2007. The Company paid a \$637 million dividend (\$0.31 per share) during the second quarter of fiscal 2007 related to fiscal 2006.

During the first six months of fiscal 2008, the Company repurchased 61 million shares for approximately \$2.0 billion, of which 30 million shares for \$0.9 billion were purchased in the second quarter. As of March 29, 2008, the Company had remaining authorization in place to repurchase approximately 262 million additional shares, of which the Company repurchased 13 million shares for \$418 million subsequent to quarter-end through May 5, 2008. The repurchase program does not have an expiration date.

The Company received proceeds of \$218 million from the exercise of 11 million stock options during the first six months of fiscal 2008.

The Company also has 1.0 billion shares of Internet Group Stock at \$.01 par value authorized. No shares are issued or outstanding.

THE WALT DISNEY COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited; tabular dollars in millions, except for per share data)

9. Comprehensive Income

Comprehensive income (loss), net of tax, is as follows:

	Quarter Ended		Six Months Ended	
	March 29, 2008	March 31, 2007	March 29, 2008	March 31, 2007
Net income	\$ 1,133	\$ 931	\$ 2,383	\$ 2,632
Market value adjustments for investments and hedges	(39)	(4)	(28)	(16)
Pension and postretirement medical adjustments	7	—	12	—
Foreign currency translation and other	49	13	51	40
Comprehensive income	\$ 1,150	\$ 940	\$ 2,418	\$ 2,656

Accumulated other comprehensive income (loss), net of tax, is as follows:

	March 29, 2008	September 29, 2007
Market value adjustments for investments and hedges	\$ (70)	\$ (42)
Unrecognized pension and postretirement medical expense	(267)	(279)
Foreign currency translation and other	215	164
Accumulated other comprehensive loss	\$ (122)	\$ (157)

10. Equity-Based Compensation

The impact of stock options and restricted stock units (RSUs) on income from continuing operations is as follows:

	Quarter Ended		Six Months Ended	
	March 29, 2008	March 31, 2007	March 29, 2008	March 31, 2007
Stock option compensation expense	\$ 54	\$ 58	\$ 114	\$ 113
RSU compensation expense	44	37	87	72
	98	95	201	185
Equity-based compensation plan modification charge ⁽¹⁾	—	—	—	48
Total equity-based compensation expense	\$ 98	\$ 95	\$ 201	\$ 233

⁽¹⁾ In anticipation of the ABC Radio transaction, the Company needed to determine whether employee equity-based compensation awards would be adjusted for the dilutive impact of the transaction on the employee awards. Certain of the Company's plans required such adjustments to be made on an equitable basis. All other plans permitted such adjustments to be made. In order to treat all employees consistently with respect to the ABC Radio transaction (and other similar future transactions), the Company amended the plans such that all plans require equitable adjustments for such transactions. In connection with these amendments, the Company was required to record a non-cash charge of \$48 million in the first quarter of fiscal 2007 representing the estimated fair value of this modification with respect to vested equity-based employee compensation awards.

Unrecognized compensation cost related to unvested stock options and RSUs totaled approximately \$530 million and \$574 million, respectively, as of March 29, 2008.

