

**Reconciliation of Non-GAAP Financial Measures  
To Corresponding GAAP Financial Measures  
Quarter Ended December 30, 2006**

**Q107 and Q106**

Parks and Resorts Margins

Parks and Resorts margins excluding Euro Disney and Hong Kong Disneyland and excluding royalties and management fees, Parks and Resorts margins excluding Euro Disney and Hong Kong Disneyland and including royalties and management fees, and Parks and Resorts margins including Euro Disney and Hong Kong Disneyland under the equity method of accounting are not measures of performance defined by, or calculated in accordance with generally accepted accounting principles (GAAP). These measures are based on revenue and operating income excluding Euro Disney and Hong Kong Disneyland's revenues and operating income and either including or excluding the impact of royalties and management fees, and including Euro Disney and Hong Kong Disneyland under the equity method of accounting, which are also non-GAAP financial measures, and should not be considered in isolation, or as a substitute for the corresponding GAAP financial measures. These measures, as calculated by the Company, may not be comparable to similarly titled measures employed by other companies.

The following table presents reconciliations of Parks and Resorts revenue, operating income and margins as described above (unaudited, in millions except margin percentages):

	Q107	Q106	Change	
Parks and Resorts Revenue as reported	\$ 2,489	\$ 2,402	\$ 87	
Less: Euro Disney and Hong Kong Disneyland Revenue	(438)	(415)	(23)	
Parks and Resorts Revenue excluding Euro Disney and Hong Kong Disneyland Revenue and royalties and management fees	2,051	1,987	64	3%
Add: Royalties and management fees	7	11	(4)	
Parks and Resorts Revenue excluding Euro Disney and Hong Kong Disneyland Revenue and including royalties and management fees	<u>\$ 2,058</u>	<u>\$ 1,998</u>	<u>\$ 60</u>	
Parks and Resorts Operating Income as reported	\$ 405	\$ 375	\$ 30	
Less: Euro Disney and Hong Kong Disneyland Operating Income / (Loss)	2	27	(25)	
Parks and Resorts Operating Income excluding Euro Disney and Hong Kong Disneyland Operating Income / (Loss) and excluding royalties and management fees	403	348	55	16%
Add: Royalties and management fees	7	11	(4)	
Parks and Resorts Operating Income excluding Euro Disney and Hong Kong Disneyland Operating Income / (Loss) and including royalties and management fees	410	359	51	
Add: Equity in the Income / (Loss) of Euro Disney and Hong Kong Disneyland	(19)	(5)	(14)	
Parks and Resorts Operating Income including Euro Disney and Hong Kong Disneyland under the equity method of accounting	<u>391</u>	<u>354</u>	<u>37</u>	
Margins including Euro Disney and Hong Kong Disneyland as reported	16.3%	15.6%	0.7%	
Margins excluding Euro Disney and Hong Kong Disneyland and excluding royalties and management fees	19.6%	17.5%	2.1%	
Margins excluding Euro Disney and Hong Kong Disneyland and including royalties and management fees	19.9%	18.0%	1.9%	
Margins including Euro Disney and Hong Kong Disneyland under the equity method of accounting	19.0%	17.7%	1.3%	

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Free cash flow, free cash flow per share, net borrowings, aggregate segment operating income, and earnings per share excluding certain items relating to dispositions are not measures of performance defined by, or calculated in accordance with generally accepted accounting principles (GAAP). These measures should not be considered in isolation, or as a substitute for the corresponding GAAP financial measure. These measures, as calculated by the Company, may not be comparable to similarly titled measures employed by other companies.

Free cash flow

The following table presents a reconciliation of the Company's consolidated cash flows provided by operations to free cash flow (unaudited, in millions):

	Quarter ended		\$ Change
	12/30/2006	12/31/2005	
Cash provided by operations	\$ 516	\$ 579	\$ (63)
Less: Investments in parks, resorts and other property	(245)	(203)	(42)
Free cash flow	<u>\$ 271</u>	<u>\$ 376</u>	<u>\$ (105)</u>
			<u>-28%</u>

The following table presents a summary of the Company's consolidated cash flows (unaudited, in millions):

	Quarter ended	
	12/30/2006	12/31/2005
Cash provided by operations	\$ 516	\$ 579
Cash provided (used) by investing activities	1,236	(109)
Cash used by financing activities	(1,726)	(374)
Increase in cash and cash equivalents	26	96
Cash and cash equivalents, beginning of period	2,411	1,723
Cash and cash equivalents, end of period	<u>\$ 2,437</u>	<u>\$ 1,819</u>

Net borrowings

The following table presents the calculation of net borrowings (in millions):

	12/30/2006	9/30/2006	\$ Change
	(unaudited)		
Current portion of borrowings	\$ 1,759	\$ 2,682	\$ (923)
Long-term borrowings	10,629	10,843	(214)
Total borrowings	12,388	13,525	(1,137)
Less: cash and cash equivalents	(2,437)	(2,411)	(26)
Net borrowings	<u>\$ 9,951</u>	<u>\$ 11,114</u>	<u>\$ (1,163)</u>

Aggregate segment operating income

The following table presents a reconciliation of aggregate segment operating income to income before income taxes and minority interests (unaudited, in millions):

	Quarter ended	
	12/30/2006	12/31/2005
Segment operating income	\$ 1,994	\$ 1,379
Corporate and unallocated shared expenses	(106)	(104)
Amortization of intangible assets	(3)	(3)
Equity-based compensation plan modification charge	(48)	-
Gain on sale of equity investments and business	1,052	70
Net interest expense	(157)	(163)
Income before income taxes and minority interests	<u>\$ 2,732</u>	<u>\$ 1,179</u>

Earnings per share excluding certain items related to dispositions

The following table reconciles reported earnings per share to earnings per share excluding certain items related to dispositions (unaudited):

	Quarter ended		Change
	12/30/2006	12/31/2005	
Diluted EPS as reported	\$ 0.79	\$ 0.37	>100%
Exclude:			
Gains on sales of equity investments and business	(0.31)	(0.02)	
Equity-based compensation plan modification charge	0.01	—	
Diluted EPS excluding certain items related to dispositions <sup>(1)</sup>	<u>\$ 0.50</u>	<u>\$ 0.35</u>	<u>43%</u>

<sup>(1)</sup> Diluted EPS excluding certain items related to dispositions does not equal the sum of the column due to rounding.