

**Reconciliation of Non-GAAP Financial Measures  
To Corresponding GAAP Financial Measures  
July 1, 2017**

Free cash flow, aggregate segment operating income, and diluted earnings per share (EPS) excluding certain items affecting comparability 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 provided by operations to free cash flow (unaudited, in millions):

	Quarter Ended		Change
	July 1, 2017	July 2, 2016	
Cash provided by operations	\$ 4,133	\$ 3,630	\$ 503
Less: Investments in parks, resorts and other property	(805)	(1,135)	330
Free cash flow	\$ 3,328	\$ 2,495	\$ 833
			33%

	Nine Months Ended		Change
	July 1, 2017	July 2, 2016	
Cash provided by operations	\$ 8,831	\$ 9,615	\$ (784)
Less: Investments in parks, resorts and other property	(2,728)	(3,691)	963
Free cash flow	\$ 6,103	\$ 5,924	\$ 179
			3%

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

	Quarter Ended		Nine Months Ended	
	July 1, 2017	July 2, 2016	July 1, 2017	July 2, 2016
Cash provided by operations	\$ 4,133	\$ 3,630	\$ 8,831	\$ 9,615
Cash used in investing activities	(900)	(1,188)	(3,290)	(4,226)
Cash used in financing activities	(2,743)	(2,116)	(5,792)	(4,320)
Impact of exchange rates on cash and cash equivalents	46	(114)	(23)	(111)
Change in cash and cash equivalents	536	212	(274)	958
Cash and cash equivalents, beginning of period	3,800	5,015	4,610	4,269
Cash and cash equivalents, end of period	\$ 4,336	\$ 5,227	\$ 4,336	\$ 5,227

Aggregate segment operating income

The following table presents a reconciliation of segment operating income to net income (unaudited, in millions):

	Quarter Ended		Nine Months Ended	
	July 1, 2017	July 2, 2016	July 1, 2017	July 2, 2016
Segment operating income	\$ 4,011	\$ 4,456	\$ 11,963	\$ 12,545
Corporate and unallocated shared expenses	(99)	(159)	(392)	(457)
Restructuring and impairment charges	—	(44)	—	(125)
Other expense <sup>(1)</sup>	(177)	—	(177)	—
Interest expense, net	(117)	(70)	(300)	(161)
Vice Gain <sup>(2)</sup>	—	—	—	332
Infinity Charge <sup>(3)</sup>	—	—	—	(147)
Income before income taxes	3,618	4,183	11,094	11,987
Income taxes	(1,144)	(1,471)	(3,593)	(4,089)
Net income	\$ 2,474	\$ 2,712	\$ 7,501	\$ 7,898

(1) During the quarter the Company recorded a charge, net of committed insurance recoveries, in connection with the settlement of litigation. The Company is pursuing additional insurance coverage for this matter.

(2) During the nine months ended July 2, 2016, the Company recognized its share of a net gain recognized by A+E Television Networks in connection with their acquisition of an interest in Vice Group Holding, Inc. (Vice Gain)

(3) The Infinity Charge was primarily due to an inventory write-down. The charge also included severance and other asset impairments and was reported in "Cost of products" in the Condensed Consolidated Statement of Income.

EPS excluding certain items affecting comparability

The following table reconciles reported EPS to EPS excluding certain items affecting comparability:

(unaudited, in millions, except EPS)	<u>Pre-Tax Income/Loss</u>	<u>Tax Benefit/ Expense<sup>(1)</sup></u>	<u>After-Tax Income/ Loss<sup>(2)</sup></u>	<u>EPS<sup>(3)</sup></u>	<u>Change vs. prior year period</u>
<b>Quarter Ended July 1, 2017:</b>					
As reported	\$ 3,618	\$ (1,144)	\$ 2,474	\$ 1.51	(5)%
Exclude <sup>(4)</sup> :					
Other expense	177	(65)	112	0.07	
Excluding certain items affecting comparability	<u>\$ 3,795</u>	<u>\$ (1,209)</u>	<u>\$ 2,586</u>	<u>\$ 1.58</u>	(2)%
<b>Quarter Ended July 2, 2016:</b>					
As reported	\$ 4,183	\$ (1,471)	\$ 2,712	\$ 1.59	
Exclude:					
Restructuring and impairment charges <sup>(5)</sup>	44	(2)	42	0.03	
Excluding certain items affecting comparability	<u>\$ 4,227</u>	<u>\$ (1,473)</u>	<u>\$ 2,754</u>	<u>\$ 1.62</u>	
<b>Nine Months Ended July 1, 2017:</b>					
As reported	\$ 11,094	\$ (3,593)	\$ 7,501	\$ 4.55	(2)%
Exclude <sup>(4)</sup> :					
Other expense	177	(65)	112	0.07	
Excluding certain items affecting comparability	<u>\$ 11,271</u>	<u>\$ (3,658)</u>	<u>\$ 7,613</u>	<u>\$ 4.63</u>	— %
<b>Nine Months Ended July 2, 2016:</b>					
As reported	\$ 11,987	\$ (4,089)	\$ 7,898	\$ 4.63	
Exclude:					
Vice Gain	(332)	122	(210)	(0.13)	
Infinity Charge	147	(54)	93	0.06	
Restructuring and impairment charges <sup>(6)</sup>	125	(36)	89	0.05	
Excluding certain items affecting comparability	<u>\$ 11,927</u>	<u>\$ (4,057)</u>	<u>\$ 7,870</u>	<u>\$ 4.61</u>	

<sup>(1)</sup> Tax benefit/expense adjustments are determined using the tax rate applicable to the individual item affecting comparability.

<sup>(2)</sup> Before noncontrolling interest share.

<sup>(3)</sup> Net of noncontrolling interest share, where applicable. Total may not equal the sum of the column due to rounding.

<sup>(4)</sup> Items affecting comparability during the quarter and nine month period ended July 1, 2017 related to a charge, net of committed insurance recoveries, incurred in connection with the settlement of litigation (\$177 million).

<sup>(5)</sup> For the quarter ended July 2, 2016, items effecting comparability included restructuring and impairment charges (\$44 million) in connection with shutting down certain international film production operations.

<sup>(6)</sup> Charges for the nine-month period were due to an investment impairment, charges in connection with shutting down certain international film production operations and contract termination and severance costs (\$125 million).