

**Reconciliation of Non-GAAP Financial Measures
To Corresponding GAAP Financial Measures
October 1, 2016**

Free cash flow, aggregate segment operating income, and earnings per share 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
	October 1, 2016	October 3, 2015	
Cash provided by operations	\$ 3,827	\$ 3,328	\$ 499
Less: Investments in parks, resorts and other property	(1,082)	(1,204)	122
Free cash flow	\$ 2,745	\$ 2,124	\$ 621
			29%

	Year Ended		Change
	October 1, 2016	October 3, 2015	
Cash provided by operations	\$ 13,213	\$ 10,909	\$ 2,304
Less: Investments in parks, resorts and other property	(4,773)	(4,265)	(508)
Free cash flow	\$ 8,440	\$ 6,644	\$ 1,796
			27%

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

	Quarter Ended		Year Ended	
	October 1, 2016	October 3, 2015	October 1, 2016	October 3, 2015
Cash provided by operations	\$ 3,827	\$ 3,328	\$ 13,213	\$ 10,909
Cash used in investing activities	(1,532)	(1,190)	(5,758)	(4,245)
Cash used in financing activities	(2,900)	(2,273)	(6,991)	(5,514)
Impact of exchange rates on cash and cash equivalents	(12)	(71)	(123)	(302)
Change in cash and cash equivalents	(617)	(206)	341	848
Cash and cash equivalents, beginning of period	5,227	4,475	4,269	3,421
Cash and cash equivalents, end of period	<u>\$ 4,610</u>	<u>\$ 4,269</u>	<u>\$ 4,610</u>	<u>\$ 4,269</u>

Aggregate segment operating income

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

	Quarter Ended		Year Ended	
	October 1, 2016	October 3, 2015	October 1, 2016	October 3, 2015
Segment operating income	\$ 3,176	\$ 3,534	\$ 15,721	\$ 14,681
Corporate and unallocated shared expenses	(183)	(202)	(640)	(643)
Restructuring and impairment charges	(31)	(53)	(156)	(53)
Interest expense, net	(99)	(55)	(260)	(117)
Vice Gain ⁽¹⁾	—	—	332	—
Infinity Charge ⁽²⁾	18	—	(129)	—
Income before income taxes	2,881	3,224	14,868	13,868
Income taxes	(989)	(1,483)	(5,078)	(5,016)
Net income	\$ 1,892	\$ 1,741	\$ 9,790	\$ 8,852

⁽¹⁾ During the year ended October 1, 2016, the Company recognized its share of a net gain recognized by A+E Television Networks in connection with an acquisition of their interest in Vice Group Holding, Inc. (Vice Gain)

⁽²⁾ The fourth quarter included a favorable adjustment to the charge taken in the second quarter of 2016 in connection with the discontinuation of our Infinity console game business (Infinity Charge) (\$18 million). The year ended October 1, 2016 included the Infinity Charge (\$129 million).

Earnings per share excluding certain items affecting comparability

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

(in millions except EPS)	Pre-Tax Income/Loss	Tax Benefit/ Expense ⁽¹⁾	After-Tax Income/Loss ⁽²⁾	EPS ⁽³⁾	Change vs. prior year period
Quarter Ended October 1, 2016:					
As reported	\$ 2,881	\$ (989)	\$ 1,892	\$ 1.10	16 %
Exclude:					
Infinity Charge	(18)	7	(11)	(0.01)	
Restructuring and impairment charges	31	(11)	20	0.01	
Excluding certain items affecting comparability	<u>\$ 2,894</u>	<u>\$ (993)</u>	<u>\$ 1,901</u>	<u>\$ 1.10</u>	(8)%
Quarter Ended October 3, 2015:					
As reported	\$ 3,224	\$ (1,483)	\$ 1,741	\$ 0.95	
Exclude:					
Disneyland Paris Tax Asset Write-off ⁽⁴⁾	—	399	399	0.24	
Restructuring and impairment charges	53	(20)	33	0.02	
Excluding certain items affecting comparability	<u>\$ 3,277</u>	<u>\$ (1,104)</u>	<u>\$ 2,173</u>	<u>\$ 1.20</u>	
Year Ended October 1, 2016:					
As reported	\$ 14,868	\$ (5,078)	\$ 9,790	\$ 5.73	17 %
Exclude:					
Vice Gain	(332)	122	(210)	(0.13)	
Infinity Charge	129	(47)	82	0.05	
Restructuring and impairment charges	156	(43)	113	0.07	
Excluding certain items affecting comparability	<u>\$ 14,821</u>	<u>\$ (5,046)</u>	<u>\$ 9,775</u>	<u>\$ 5.72</u>	11 %
Year Ended October 3, 2015:					
As reported	\$ 13,868	\$ (5,016)	\$ 8,852	\$ 4.90	
Exclude:					
Disneyland Paris Tax Asset Write-off ⁽⁴⁾	—	399	399	0.23	
Restructuring and impairment charges	53	(20)	33	0.02	
Excluding certain items affecting comparability	<u>\$ 13,921</u>	<u>\$ (4,637)</u>	<u>\$ 9,284</u>	<u>\$ 5.15</u>	

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

(2) Before noncontrolling interest share.

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

(4) In the prior-year fourth quarter and year, the Company recorded a deferred income tax asset write-off (\$399 million) as a result of the increase in its ownership of Euro Disney S.C.A. in connection with a recapitalization of Disneyland Paris (Disneyland Paris Tax Asset Write-off).