

**Reconciliation of Non-GAAP Financial Measures  
To Corresponding GAAP Financial Measures  
Quarter Ended June 28, 2008**

**Q308 and Q307**

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 including 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):

	Q308	Q307	Change	
Parks and Resorts Revenue as reported	\$ 3,038	\$ 2,904	\$ 134	
Less: Euro Disney and Hong Kong Disneyland Revenue	(584)	(497)	(87)	
Parks and Resorts Revenue excluding Euro Disney and Hong Kong Disneyland Revenue and royalties and management fees	2,454	2,407	47	2%
Add: Royalties and management fees	4	-	4	
Parks and Resorts Revenue excluding Euro Disney and Hong Kong Disneyland Revenue and including royalties and management fees	<u>\$ 2,458</u>	<u>\$ 2,407</u>	<u>\$ 51</u>	
Parks and Resorts Operating Income as reported	\$ 641	\$ 621	\$ 20	
Less: Euro Disney and Hong Kong Disneyland Operating Income / (Loss)	20	14	6	
Parks and Resorts Operating Income excluding Euro Disney and Hong Kong Disneyland Operating Income and excluding royalties and management fees	621	607	14	2%
Add: Royalties and management fees	4	-	4	
Parks and Resorts Operating Income excluding Euro Disney and Hong Kong Disneyland Operating Income / (Loss) and including royalties and management fees	625	607	18	
Add: Equity in the Income (Loss) of Euro Disney and Hong Kong Disneyland	(9)	(1)	(8)	
Parks and Resorts Operating Income including Euro Disney and Hong Kong Disneyland under the equity method of accounting	<u>616</u>	<u>606</u>	<u>10</u>	
Margins including Euro Disney and Hong Kong Disneyland as reported	21.1%	21.4%	(0.3%)	
Margins excluding Euro Disney and Hong Kong Disneyland and excluding royalties and management fees	25.3%	25.2%	0.1%	
Margins excluding Euro Disney and Hong Kong Disneyland and including royalties and management fees	25.4%	25.2%	0.2%	
Margins including Euro Disney and Hong Kong Disneyland under the equity method of accounting	25.1%	25.2%	(0.1%)	

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Free cash flow, net borrowings, aggregate segment operating income, and earnings per share excluding certain items 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 continuing operations to free cash flow (unaudited, in millions):

	Quarter ended		Change
	6/28/2008	6/30/2007	
Cash provided by continuing operations	\$ 936	\$ 1,127	\$ (191)
Less: Investments in parks, resorts and other property	(353)	(440)	87
Free cash flow	<u>\$ 583</u>	<u>\$ 687</u>	<u>\$ (104)</u>
			<u>(15%)</u>

	Nine Months ended		Change
	6/28/2008	6/30/2007	
Cash provided by continuing operations	\$ 4,201	\$ 3,825	\$ 376
Less: Investments in parks, resorts and other property	(949)	(986)	37
Free cash flow	<u>\$ 3,252</u>	<u>\$ 2,839</u>	<u>\$ 413</u>
			<u>15%</u>

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

	Quarter ended		Nine Months ended	
	6/28/2008	6/30/2007	6/28/2008	6/30/2007
Cash provided by continuing operations	\$ 936	\$ 1,127	\$ 4,201	\$ 3,825
Cash (used) provided by continuing investing activities	(574)	(545)	(1,381)	405
Cash (used) provided by continuing financing activities	(1,633)	698	(3,901)	(3,281)
	<u>(1,271)</u>	<u>1,280</u>	<u>(1,081)</u>	<u>949</u>
Net cash (used) provided by operating activities of discontinued operations	-	(33)	-	29
Net cash used by investing activities of discontinued operations	-	(3)	-	(3)
Net cash provided by financing activities of discontinued operations	-	38	-	78
	<u>(1,271)</u>	<u>1,282</u>	<u>(1,081)</u>	<u>1,053</u>
(Decrease)/increase in cash and cash equivalents	(1,271)	1,282	(1,081)	1,053
Cash and cash equivalents, beginning of period	3,860	2,182	3,670	2,411
Cash and cash equivalents, end of period	<u>\$ 2,589</u>	<u>\$ 3,464</u>	<u>\$ 2,589</u>	<u>\$ 3,464</u>

Net borrowings

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

	6/28/08 (unaudited)	9/29/2007	Change
Current portion of borrowings	\$ 2,050	\$ 3,280	\$ (1,230)
Long-term borrowings	11,522	11,892	(370)
Total borrowings	13,572	15,172	(1,600)
Less: cash and cash equivalents	(2,589)	(3,670)	1,081
Net borrowings	<u>\$ 10,983</u>	<u>\$ 11,502</u>	<u>\$ (519)</u>

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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	
	6/28/2008	6/30/2007	6/28/2008	6/30/2007
Segment operating income	\$ 2,323	\$ 2,285	\$ 6,712	\$ 5,999
Corporate and unallocated shared expenses	(127)	(115)	(318)	(352)
Equity-based compensation plan modification charge	-	-	-	(48)
Other income	32	-	32	1,052
Net interest expense	(141)	(143)	(411)	(430)
Income from continuing operations before income taxes and minority interests	2,087	2,027	6,015	6,221
Income taxes	(712)	(762)	(2,183)	(2,353)
Minority interests	(91)	(69)	(165)	(77)
Income from continuing operations	1,284	1,196	3,667	3,791
Income (loss) from discontinued operations, net of tax	-	(18)	-	19
Net income	<u>\$ 1,284</u>	<u>\$ 1,178</u>	<u>\$ 3,667</u>	<u>\$ 3,810</u>

Earnings per share excluding certain items

The following table presents a reconciliation of earnings per share to earnings per share excluding certain items (unaudited):

	Nine Months ended	
	6/28/2008	6/30/2007
Diluted EPS	\$ 1.87	\$ 1.81
Exclude:		
Favorable resolution of certain prior-year income tax matters	(0.03)	
Other income <sup>(1)</sup>	(0.01)	(0.31)
Equity-based compensation plan modification charge		0.01
Income from the discontinued operations of the ABC Radio business		(0.01)
Diluted EPS excluding certain items	<u>\$ 1.83</u>	<u>\$ 1.50</u>

<sup>(1)</sup> Other income for the current nine-month period consists of an accounting gain related to the acquisition of the Disney Stores in North America (\$18 million pre-tax) and a gain on the sale of movies.com (\$14 million pre-tax). Other income for the prior-year nine-month period consists of gains on the sale of equity investments in E! Entertainment Television (\$780 million pre-tax) and Us Weekly (\$272 million pre-tax).