

**Reconciliation of Non-GAAP Financial Measures
To Corresponding GAAP Financial Measures
March 31, 2018**

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
	March 31, 2018	April 1, 2017	
Cash provided by operations	\$ 4,526	\$ 3,228	\$ 1,298
Less: Investments in parks, resorts and other property	(1,063)	(883)	(180)
Free cash flow	\$ 3,463	\$ 2,345	\$ 1,118
			48%

	Six Months Ended		Change
	March 31, 2018	April 1, 2017	
Cash provided by operations	\$ 6,763	\$ 4,673	\$ 2,090
Less: Investments in parks, resorts and other property	(2,044)	(1,923)	(121)
Free cash flow	\$ 4,719	\$ 2,750	\$ 1,969
			72%

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

	Quarter Ended		Six Months Ended	
	March 31, 2018	April 1, 2017	March 31, 2018	April 1, 2017
Cash provided by operations	\$ 4,526	\$ 3,228	\$ 6,763	\$ 4,673
Cash used in investing activities	(2,762)	(1,355)	(3,805)	(2,390)
Cash used in financing activities	(2,298)	(2,062)	(2,882)	(3,049)
Impact of exchange rates on cash, cash equivalents and restricted cash	34	43	55	(69)
Change in cash, cash equivalents and restricted cash	(500)	(146)	131	(835)
Cash, cash equivalents and restricted cash, beginning of period	4,695	4,071	4,064	4,760
Cash, cash equivalents and restricted cash, end of period	\$ 4,195	\$ 3,925	\$ 4,195	\$ 3,925

Aggregate segment operating income

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

	Quarter Ended		Six Months Ended	
	March 31, 2018	April 1, 2017	March 31, 2018	April 1, 2017
Income before income taxes	\$ 3,928	\$ 3,751	\$ 7,673	\$ 7,476
Add/(subtract):				
Corporate and unallocated shared expenses	194	161	344	293
Restructuring and impairment charges	13	—	28	—
Other income, net ⁽¹⁾	(41)	—	(94)	—
Interest expense, net	143	84	272	183
Segment Operating Income	<u>\$ 4,237</u>	<u>\$ 3,996</u>	<u>\$ 8,223</u>	<u>\$ 7,952</u>

⁽¹⁾ Other income for the current quarter reflects insurance proceeds related to a legal matter. Other income for the current six-month period also includes a gain from the sale of property rights.

EPS excluding certain items affecting comparability

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

(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 March 31, 2018:					
As reported	\$ 3,928	\$ (813)	\$ 3,115	\$ 1.95	30%
Exclude:					
Net benefit from new U.S. federal income tax legislation (Tax Act) ⁽⁴⁾	—	(134)	(134)	(0.09)	
Other income, net ⁽⁵⁾	(41)	11	(30)	(0.02)	
Restructuring and impairment charges ⁽⁶⁾	13	(3)	10	0.01	
Excluding certain items affecting comparability	<u>\$ 3,900</u>	<u>\$ (939)</u>	<u>\$ 2,961</u>	<u>\$ 1.84</u>	23%
Six Months Ended March 31, 2018:					
As reported	\$ 7,673	\$ (85)	\$ 7,588	\$ 4.86	59%
Exclude:					
Net benefit from the Tax Act ⁽⁴⁾	—	(1,691)	(1,691)	(1.10)	
Other income, net ⁽⁵⁾	(94)	23	(71)	(0.05)	
Restructuring and impairment charges ⁽⁶⁾	28	(6)	22	0.01	
Excluding certain items affecting comparability	<u>\$ 7,607</u>	<u>\$ (1,759)</u>	<u>\$ 5,848</u>	<u>\$ 3.73</u>	22%

⁽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⁾ The net benefit from the Tax Act includes the remeasurement of U.S. federal deferred tax assets and liabilities and a one-time tax on certain accumulated foreign earnings.

⁽⁵⁾ Other income for the current quarter reflects insurance proceeds related to a legal matter. Other income for the current six-month period also includes a gain from the sale of property rights.

⁽⁶⁾ For the current quarter and six-month period, the Company recorded \$13 million and \$28 million, respectively, of restructuring and impairment charges primarily for severance costs.