

**Reconciliation of Non-GAAP Financial Measures
To Corresponding GAAP Financial Measures
June 30, 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
	June 30, 2018	July 1, 2017	
Cash provided by operations	\$ 3,679	\$ 4,100	\$ (421)
Less: Investments in parks, resorts and other property	(1,220)	(805)	(415)
Free cash flow	\$ 2,459	\$ 3,295	\$ (836)
			(25)%

	Nine Months Ended		Change
	June 30, 2018	July 1, 2017	
Cash provided by operations	\$ 10,442	\$ 8,773	\$ 1,669
Less: Investments in parks, resorts and other property	(3,264)	(2,728)	(536)
Free cash flow	\$ 7,178	\$ 6,045	\$ 1,133
			19%

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

	Quarter Ended		Nine Months Ended	
	June 30, 2018	July 1, 2017	June 30, 2018	July 1, 2017
Cash provided by operations	\$ 3,679	\$ 4,100	\$ 10,442	\$ 8,773
Cash used in investing activities	(1,338)	(900)	(5,143)	(3,290)
Cash used in financing activities	(2,099)	(2,743)	(4,981)	(5,792)
Impact of exchange rates on cash, cash equivalents and restricted cash	(106)	46	(51)	(23)
Change in cash, cash equivalents and restricted cash	136	503	267	(332)
Cash, cash equivalents and restricted cash, beginning of period	4,195	3,925	4,064	4,760
Cash, cash equivalents and restricted cash, end of period	\$ 4,331	\$ 4,428	\$ 4,331	\$ 4,428

Aggregate segment operating income

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

	Quarter Ended		Nine Months Ended	
	June 30, 2018	July 1, 2017	June 30, 2018	July 1, 2017
Income before income taxes	\$ 3,854	\$ 3,618	\$ 11,527	\$ 11,094
Add/(subtract):				
Corporate and unallocated shared expenses	196	99	540	392
Restructuring and impairment charges ⁽¹⁾	—	—	28	—
Other income/(expense), net ⁽²⁾	—	177	(94)	177
Interest expense, net	143	117	415	300
Segment Operating Income	<u>\$ 4,193</u>	<u>\$ 4,011</u>	<u>\$ 12,416</u>	<u>\$ 11,963</u>

⁽¹⁾ For the current nine-month period, the Company recorded \$28 million of restructuring and impairment charges primarily for severance costs.

⁽²⁾ Other income/(expense), net for the prior-year quarter and nine-month period consisted of a charge, net of committed insurance recoveries, incurred in connection with the settlement of litigation. Other income/(expense), net for the current nine-month period includes a gain from the sale of property rights, and insurance proceeds related to a legal matter.

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 June 30, 2018:					
As reported	\$ 3,854	\$ (795)	\$ 3,059	\$ 1.95	29%
Exclude:					
Net benefit from new U.S. federal income tax legislation (Tax Act) ⁽⁴⁾	—	(110)	(110)	(0.07)	
Excluding certain items affecting comparability	<u>\$ 3,854</u>	<u>\$ (905)</u>	<u>\$ 2,949</u>	<u>\$ 1.87</u>	18%
Quarter Ended July 1, 2017:					
As reported	\$ 3,168	\$ (1,144)	\$ 2,474	\$ 1.51	
Exclude:					
Other income/(expense), net	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>	

(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
Nine Months Ended June 30, 2018:					
As reported	\$ 11,527	\$ (880)	\$ 10,647	\$ 6.81	50%
Exclude:					
Net benefit from the Tax Act ⁽⁴⁾	—	(1,801)	(1,801)	(1.17)	
Other income/(expense), net	(94)	23	(71)	(0.05)	
Restructuring and impairment charges	28	(6)	22	0.01	
Excluding certain items affecting comparability	<u>\$ 11,461</u>	<u>\$ (2,664)</u>	<u>\$ 8,797</u>	<u>\$ 5.60</u>	21%
Nine Months Ended July 1, 2017:					
As reported	\$ 11,094	\$ (3,593)	\$ 7,501	\$ 4.55	
Exclude:					
Other income/(expense), net	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>	

(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) Amounts reflect the remeasurement of U.S. federal deferred tax assets and liabilities (Deferred Remeasurement), partially offset by a one-time tax on certain accumulated foreign earnings (Deemed Repatriation Tax). The current quarter reflects a net benefit of approximately \$0.1 billion from updating our prior quarter estimates. In the current nine-month period, the Company recognized a net benefit of approximately \$1.8 billion due to an approximate \$2.1 billion benefit from the Deferred Remeasurement, partially offset by an approximate \$0.3 billion impact from the Deemed Repatriation Tax.