

**Reconciliation of Non-GAAP Financial Measures
To Corresponding GAAP Financial Measures
September 29, 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
	September 29, 2018	September 30, 2017	
Cash provided by operations	\$ 3,853	\$ 3,570	\$ 283
Less: Investments in parks, resorts and other property	(1,201)	(895)	(306)
Free cash flow	\$ 2,652	\$ 2,675	\$ (23)
			(1)%

	Year Ended		Change
	September 29, 2018	September 30, 2017	
Cash provided by operations	\$ 14,295	\$ 12,343	\$ 1,952
Less: Investments in parks, resorts and other property	(4,465)	(3,623)	(842)
Free cash flow	\$ 9,830	\$ 8,720	\$ 1,110
			13%

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

	Quarter Ended		Year Ended	
	September 29, 2018	September 30, 2017	September 29, 2018	September 30, 2017
Cash provided by operations	\$ 3,853	\$ 3,570	\$ 14,295	\$ 12,343
Cash used in investing activities	(193)	(821)	(5,336)	(4,111)
Cash used in financing activities	(3,862)	(3,167)	(8,843)	(8,959)
Impact of exchange rates on cash and cash equivalents	26	54	(25)	31
Change in cash, cash equivalents and restricted cash	(176)	(364)	91	(696)
Cash, cash equivalents and restricted cash, beginning of period	4,331	4,428	4,064	4,760
Cash, cash equivalents and restricted cash, end of period	\$ 4,155	\$ 4,064	\$ 4,155	\$ 4,064

Aggregate segment operating income

The following table reconciles income before income taxes to segment operating income (unaudited, in millions):

	Quarter Ended		Year Ended	
	September 29, 2018	September 30, 2017	September 29, 2018	September 30, 2017
Income before income taxes	\$ 3,202	\$ 2,694	\$ 14,729	\$ 13,788
Corp and unallocated shared expenses	221	190	761	582
Restructuring and impairment charges	5	98	33	98
Other income, net ⁽¹⁾	(507)	(255)	(601)	(78)
Interest expense, net	159	85	574	385
Impairment of equity investments ⁽²⁾	210	—	210	—
Segment Operating income	<u>\$ 3,290</u>	<u>\$ 2,812</u>	<u>\$ 15,706</u>	<u>\$ 14,775</u>

- ⁽¹⁾ During the fourth quarter ended September 29, 2018, the Company recorded a gain on the sale of real estate (\$507 million), which was recorded in "Other income, net". During the year ended September 29, 2018, the Company recorded gains on the sale from real estate and other property rights (\$560 million), insurance proceeds related to a legal matter (\$38 million) and an adjustment to a fiscal 2017 non-cash gain (\$3 million). During the fourth quarter ended September 30, 2017, the Company recognized a non-cash net gain in connection with the acquisition of a controlling interest in BAMTech LLC (\$255 million). During the year ended September 30, 2017, the Company also recorded a charge, net of committed insurance recoveries, in connection with the settlement of litigation (\$177 million).
- ⁽²⁾ During the fourth quarter ended September 29, 2018, the Company recorded impairments of Vice and Villages Nature equity method investments (\$210 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⁾	EPS Change vs. prior year period
Quarter Ended September 29, 2018:					
As reported	\$ 3,202	\$ (783)	\$ 2,419	\$ 1.55	37%
Exclude ⁽⁴⁾ :					
Gain on sale of real estate	(507)	134	(373)	(0.25)	
Impairment of equity investments	210	(49)	161	0.11	
Net impact of the Tax Act	—	100	100	0.06	
Restructuring and impairment charges	5	(1)	4	—	
Excluding certain items affecting comparability	<u>\$ 2,910</u>	<u>\$ (599)</u>	<u>\$ 2,311</u>	<u>\$ 1.48</u>	38%
Quarter Ended September 30, 2017:					
As reported	\$ 2,694	\$ (829)	\$ 1,865	\$ 1.13	
Exclude ⁽⁴⁾ :					
Gain related to an acquisition	(255)	93	(162)	(0.10)	
Restructuring and impairment charges	98	(31)	67	0.04	
Excluding certain items affecting comparability	<u>\$ 2,537</u>	<u>\$ (767)</u>	<u>\$ 1,770</u>	<u>\$ 1.07</u>	
Year Ended September 29, 2018:					
As reported	\$ 14,729	\$ (1,663)	\$ 13,066	\$ 8.36	47%
Exclude ⁽⁵⁾ :					
Net benefit from the Tax Act	—	(1,701)	(1,701)	(1.11)	
Other income, net	(601)	158	(443)	(0.30)	
Impairment of equity investments	210	(49)	161	0.11	
Restructuring and impairment charges	33	(7)	26	0.02	
Excluding certain items affecting comparability	<u>\$ 14,371</u>	<u>\$ (3,262)</u>	<u>\$ 11,109</u>	<u>\$ 7.08</u>	24%
Year Ended September 30, 2017:					
As reported	\$ 13,788	\$ (4,422)	\$ 9,366	\$ 5.69	
Exclude ⁽⁵⁾ :					
Gain related to an acquisition	(255)	93	(162)	(0.10)	
Settlement of litigation	177	(65)	112	0.07	
Restructuring and impairment charges	98	(31)	67	0.04	
Excluding certain items affecting comparability	<u>\$ 13,808</u>	<u>\$ (4,425)</u>	<u>\$ 9,383</u>	<u>\$ 5.70</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⁾ During the current-year fourth quarter, the Company recorded a gain from the sale of real estate (\$507 million), impairments in investments of Vice and Villages Nature (\$210 million) and impacts of the Tax Act (\$100 million). In the prior-year fourth quarter, the Company recorded a non-cash net gain in connection with the acquisition of a controlling interest in BAMTech LLC (\$255 million).

⁽⁵⁾ During the current year, the Company recorded a net benefit of the Tax Act (\$1.7 billion), gains from the sale of real estate and property rights (\$560 million), equity investment impairments (\$210 million), insurance proceeds related to a legal matter (\$38 million) and an adjustment to a fiscal 2017 non-cash gain (\$3 million). In the prior year, the Company recorded a non-cash net gain in connection with the acquisition of a controlling interest in BAMTech LLC (\$255 million) and a charge, net of committed insurance recoveries, in connection with the settlement of litigation (\$177 million).