

**Reconciliation of Non-GAAP Financial Measures
To Corresponding GAAP Financial Measures
January 2, 2016**

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
	January 2, 2016	December 27, 2014	
Cash provided by operations	\$ 2,362	\$ 1,855	\$ 507
Less: Investments in parks, resorts and other property	(1,406)	(998)	(408)
Free cash flow	\$ 956	\$ 857	\$ 99
			12%

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

	Quarter Ended	
	January 2, 2016	December 27, 2014
Cash provided by operations	\$ 2,362	\$ 1,855
Cash used in investing activities	(1,798)	(991)
Cash (used in)/provided by financing activities	(468)	897
Impact of exchange rates on cash and cash equivalents	(64)	(105)
Change in cash and cash equivalents	32	1,656
Cash and cash equivalents, beginning of period	4,269	3,421
Cash and cash equivalents, end of period	<u>\$ 4,301</u>	<u>\$ 5,077</u>

Aggregate segment operating income

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

	Quarter Ended	
	January 2, 2016	December 27, 2014
Segment operating income	\$ 4,267	\$ 3,545
Corporate and unallocated shared expenses	(136)	(125)
Restructuring and impairment charges	(81)	—
Interest expense, net	(24)	(58)
Vice Gain ⁽¹⁾	332	—
Income before income taxes	4,358	3,362
Income taxes	(1,448)	(1,118)
Net income	\$ 2,910	\$ 2,244

⁽¹⁾ During the quarter, the Company recognized its share of a net gain recognized by A&E Television Networks (A&E) in connection with an acquisition of an interest in Vice Group Holding, Inc. (Vice Gain)

EPS excluding certain items affecting comparability

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

	Quarter Ended	
	January 2, 2016	December 27, 2014
EPS as reported	\$ 1.73	\$ 1.27
Exclude:		
Vice Gain	(0.13)	—
Restructuring and impairment charges ⁽¹⁾	0.03	—
EPS excluding certain items affecting comparability ⁽²⁾	\$ 1.63	\$ 1.27

⁽¹⁾ Charges for the quarter totaled \$81 million (pre-tax), driven by an investment impairment (\$54 million pre-tax) and contract termination and severance costs (\$27 million pre-tax) at our Media Networks segment.

⁽²⁾ May not equal the sum of the rows due to rounding.