

**Reconciliation of Non-GAAP Financial Measures
To Corresponding GAAP Financial Measures
December 31, 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
	December 31, 2016	January 2, 2016	
Cash provided by operations	\$ 1,260	\$ 2,456	\$ (1,196)
Less: Investments in parks, resorts and other property	(1,040)	(1,406)	366
Free cash flow	\$ 220	\$ 1,050	\$ (830)
			(79)%

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

	Quarter Ended	
	December 31, 2016	January 2, 2016
Cash provided by operations	\$ 1,260	\$ 2,456
Cash used in investing activities	(1,035)	(1,798)
Cash used in financing activities	(987)	(562)
Impact of exchange rates on cash and cash equivalents	(112)	(64)
Change in cash and cash equivalents	(874)	32
Cash and cash equivalents, beginning of period	4,610	4,269
Cash and cash equivalents, end of period	<u>\$ 3,736</u>	<u>\$ 4,301</u>

Aggregate segment operating income

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

	Quarter Ended	
	December 31, 2016	January 2, 2016
Segment operating income	\$ 3,956	\$ 4,267
Corporate and unallocated shared expenses	(132)	(136)
Restructuring and impairment charges	—	(81)
Interest expense, net	(99)	(24)
Vice Gain ⁽¹⁾	—	332
Income before income taxes	3,725	4,358
Income taxes	(1,237)	(1,448)
Net income	<u>\$ 2,488</u>	<u>\$ 2,910</u>

⁽¹⁾ During the quarter ended January 2, 2016, the Company recognized its share of a net gain recognized by A+E Television Networks in connection with their 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, 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 December 31, 2016:					
As reported	\$ 3,725	\$ (1,237)	\$ 2,488	\$ 1.55	
Quarter Ended January 2, 2016:					
As reported	\$ 4,358	\$ (1,448)	\$ 2,910	\$ 1.73	(10)%
Exclude:					
Vice Gain	(332)	122	(210)	(0.13)	
Restructuring and impairment charges ⁽⁴⁾	81	(30)	51	0.03	
Excluding certain items affecting comparability ⁽³⁾	<u>\$ 4,107</u>	<u>\$ (1,356)</u>	<u>\$ 2,751</u>	<u>\$ 1.63</u>	(5)%

⁽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⁾ Charges for the quarter ended January 2, 2016 included an investment impairment (\$54 million pre-tax) and contract termination and severance costs (\$27 million pre-tax).