

**Reconciliation of Non-GAAP Financial Measures
To Corresponding GAAP Financial Measures
April 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
	April 2, 2016	March 28, 2015	
Cash provided by operations	\$ 3,400	\$ 2,918	\$ 482
Less: Investments in parks, resorts and other property	(1,150)	(907)	(243)
Free cash flow	\$ 2,250	\$ 2,011	\$ 239
			12%

	Six Months Ended		Change
	April 2, 2016	March 28, 2015	
Cash provided by operations	\$ 5,762	\$ 4,773	\$ 989
Less: Investments in parks, resorts and other property	(2,556)	(1,905)	(651)
Free cash flow	\$ 3,206	\$ 2,868	\$ 338
			12%

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

	Quarter Ended		Six Months Ended	
	April 2, 2016	March 28, 2015	April 2, 2016	March 28, 2015
Cash provided by operations	\$ 3,400	\$ 2,918	\$ 5,762	\$ 4,773
Cash used in investing activities	(1,240)	(836)	(3,038)	(1,827)
Cash used in financing activities	(1,513)	(3,242)	(1,981)	(2,345)
Impact of exchange rates on cash and cash equivalents	67	(172)	3	(277)
Change in cash and cash equivalents	714	(1,332)	746	324
Cash and cash equivalents, beginning of period	4,301	5,077	4,269	3,421
Cash and cash equivalents, end of period	<u>\$ 5,015</u>	<u>\$ 3,745</u>	<u>\$ 5,015</u>	<u>\$ 3,745</u>

Aggregate segment operating income

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

	Quarter Ended		Six Months Ended	
	April 2, 2016	March 28, 2015	April 2, 2016	March 28, 2015
Segment operating income	\$ 3,822	\$ 3,482	\$ 8,089	\$ 7,027
Corporate and unallocated shared expenses	(162)	(170)	(298)	(295)
Restructuring and impairment charges	—	—	(81)	—
Interest income/(expense), net	(67)	8	(91)	(50)
Vice Gain ⁽¹⁾	—	—	332	—
Infinity Charge ⁽²⁾	(147)	—	(147)	—
Income before income taxes	3,446	3,320	7,804	6,682
Income taxes	(1,170)	(1,092)	(2,618)	(2,210)
Net income	<u>\$ 2,276</u>	<u>\$ 2,228</u>	<u>\$ 5,186</u>	<u>\$ 4,472</u>

⁽¹⁾ During the six months ended April 2, 2016, 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)

⁽²⁾ The Infinity Charge was primarily due to an inventory write-down. The charge also included severance and other asset impairments and was reported in Cost of products in the Condensed Consolidated Statement of Income.

EPS excluding certain items affecting comparability

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

	Quarter Ended		Six Months Ended	
	April 2, 2016	March 28, 2015	April 2, 2016	March 28, 2015
EPS as reported	\$ 1.30	\$ 1.23	\$ 3.04	\$ 2.50
Exclude:				
Vice Gain	—	—	(0.13)	—
Infinity Charge	0.06	—	0.06	—
Restructuring and impairment charges ⁽¹⁾	—	—	0.03	—
EPS excluding certain items affecting comparability ⁽²⁾	<u>\$ 1.36</u>	<u>\$ 1.23</u>	<u>\$ 3.00</u>	<u>\$ 2.50</u>

⁽¹⁾ Charges for the six month period 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.