

**Reconciliation of Non-GAAP Financial Measures  
To Corresponding GAAP Financial Measures  
Quarter Ended July 1, 2006**

**Q306 and Q305**

Parks and Resorts Margins

Parks and Resorts margins excluding Euro Disney and Hong Kong Disneyland and excluding royalties and management fees, Parks and Resorts margins excluding Euro Disney and Hong Kong Disneyland and including royalties and management fees, and Parks and Resorts margins including Euro Disney and Hong Kong Disneyland under the equity method of accounting are not measures of performance defined by, or calculated in accordance with generally accepted accounting principles (GAAP). These measures are based on revenue and operating income excluding Euro Disney and Hong Kong Disneyland's revenues and operating income and either including or excluding the impact of royalties and management fees, and including Euro Disney and Hong Kong Disneyland under the equity method of accounting, which are also non-GAAP financial measures, and should not be considered in isolation, or as a substitute for the corresponding GAAP financial measures. These measures, as calculated by the Company, may not be comparable to similarly titled measures employed by other companies.

The following table presents reconciliations of Parks and Resorts revenue, operating income and margins as described above (unaudited, in millions except margin percentages):

	Q3 FY06	Q3 FY05	Change	
Parks and Resorts Revenue as reported	\$ 2,730	\$ 2,449	\$ 281	
Less: Euro Disney and Hong Kong Disneyland Revenue	(426)	(330)	(96)	
Parks and Resorts Revenue excluding Euro Disney and Hong Kong Disneyland Revenue and royalties and management fees	2,304	2,119	185	9%
Add: Royalties and management fees	27	19	8	
Parks and Resorts Revenue excluding Euro Disney and Hong Kong Disneyland Revenue and including royalties and management fees	<u>\$ 2,331</u>	<u>\$ 2,138</u>	<u>\$ 193</u>	
Parks and Resorts Operating Income as reported	\$ 549	\$ 437	\$ 112	
Less: Euro Disney and Hong Kong Disneyland Operating Income / (Loss)	8	(15)	23	
Parks and Resorts Operating Income excluding Euro Disney and Hong Kong Disneyland Operating Income / (Loss) and excluding royalties and management fees	541	452	89	20%
Add: Royalties and management fees	27	19	8	
Parks and Resorts Operating Income excluding Euro Disney and Hong Kong Disneyland Operating Income / (Loss) and including royalties and management fees	568	471	97	
Add: Equity in the Income / (Loss) of Euro Disney and Hong Kong Disneyland	(14)	(18)	4	
Parks and Resorts Operating Income including Euro Disney and Hong Kong Disneyland under the equity method of accounting	<u>554</u>	<u>453</u>	<u>101</u>	
Margins including Euro Disney and Hong Kong Disneyland as reported	20.1%	17.8%	2.3%	
Margins excluding Euro Disney and Hong Kong Disneyland and excluding royalties and management fees	23.5%	21.3%	2.2%	
Margins excluding Euro Disney and Hong Kong Disneyland and including royalties and management fees	24.4%	22.0%	2.4%	
Margins including Euro Disney and Hong Kong Disneyland under the equity method of accounting	23.8%	21.2%	2.6%	
Total equity based compensation expense as a percentage of Parks and Resorts Revenue	0.5%	0.6%	(.1%)	

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Quarter Ended 7/1/2006**

Free cash flow is not a measure of performance defined by, or calculated in accordance with generally accepted accounting principles (GAAP). This measure should not be considered in isolation, or as a substitute for the corresponding GAAP financial measure. This measure, 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 flows provided by operations to free cash flow (unaudited, in millions):

	Quarter ended		\$ Change
	7/1/2006	7/2/2005	
Cash provided by operations	\$ 1,468	\$ 1,800	\$ (332)
Less: Investments in parks, resorts and other property	(308)	(414)	106
Free cash flow	<u>\$ 1,160</u>	<u>\$ 1,386</u>	<u>\$ (226)</u>
			(16%)

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

	Quarter ended	
	7/1/2006	7/2/2005
Cash provided by operations	\$ 1,468	\$ 1,800
Cash provided by (used by) investing activities	739	(380)
Cash used by financing activities	<u>(2,285)</u>	<u>(1,327)</u>
(Decrease) Increase in cash and cash equivalents	(78)	93
Cash and cash equivalents, beginning of quarter	<u>2,031</u>	<u>1,941</u>
Cash and cash equivalents, end of quarter	<u>\$ 1,953</u>	<u>\$ 2,034</u>

**Reconciliation of Non-GAAP Financial Measures  
To Corresponding GAAP Financial Measures  
Nine Months Ended 7/1/2006**

Free cash flow is not a measure of performance defined by, or calculated in accordance with generally accepted accounting principles (GAAP). This measure should not be considered in isolation, or as a substitute for the corresponding GAAP financial measure. This measure, 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 flows provided by operations to free cash flow (unaudited, in millions):

	Nine Months ended		\$ Change
	7/1/2006	7/2/2005	
Cash provided by operations	\$ 3,649	\$ 2,928	\$ 721
Less: Investments in parks, resorts and other property	(770)	(1,187)	417
Free cash flow	<u>\$ 2,879</u>	<u>\$ 1,741</u>	<u>\$ 1,138</u>
			65%

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

	Nine Months ended	
	7/1/2006	7/2/2005
Cash provided by operations	\$ 3,649	\$ 2,928
Cash provided by (used by) investing activities	356	(1,069)
Cash used by financing activities	(3,775)	(1,867)
Increase (decrease) in cash and cash equivalents	230	(8)
Cash and cash equivalents, beginning of period	<u>1,723</u>	<u>2,042</u>
Cash and cash equivalents, end of period	<u>\$ 1,953</u>	<u>\$ 2,034</u>

Record free cash flow

The Company expects that operating cash flow for fiscal 2006 will exceed operating cash flow in fiscal 2004, resulting in free cash flow that exceeds that in 2004, the previous record amount.

The following table presents a reconciliation of the Company's consolidated cash flows provided by operations to free cash flow (unaudited, in millions):

	Year ended
	9/30/2004
Cash provided by operations	\$ 4,370
Less: Investments in parks, resorts and other property	<u>(1,427)</u>
Free cash flow	<u>\$ 2,943</u>

**Reconciliation of Non-GAAP Financial Measures  
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Nine Months Ended 7/1/2006**

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

	<u>Year ended</u> <u>9/30/2004</u>
Cash provided by operations	\$ 4,370
Cash used by investing activities	(1,484)
Cash used by financing activities	<u>(2,701)</u>
Increase in cash and cash equivalents	185
Cash and cash equivalents due to the initial consolidation of Euro Disney and Hong Kong Disneyland	274
Cash and cash equivalents, beginning of period	<u>1,583</u>
Cash and cash equivalents, end of period	<u><u>\$ 2,042</u></u>