

**Reconciliation of Non-GAAP Financial Measures
To Corresponding GAAP Financial Measures
December 30, 2017**

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 30, 2017	December 31, 2016	
Cash provided by operations	\$ 2,237	\$ 1,445	\$ 792
Less: Investments in parks, resorts and other property	(981)	(1,040)	59
Free cash flow	\$ 1,256	\$ 405	\$ 851
			>100%

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

	Quarter Ended	
	December 30, 2017	December 31, 2016
Cash provided by operations	\$ 2,237	\$ 1,445
Cash used in investing activities	(1,043)	(1,035)
Cash used in financing activities	(584)	(987)
Impact of exchange rates on cash, cash equivalents and restricted cash	21	(112)
Change in cash, cash equivalents and restricted cash	631	(689)
Cash, cash equivalents and restricted cash, beginning of period	4,064	4,760
Total cash, cash equivalents and restricted cash	<u>\$ 4,695</u>	<u>\$ 4,071</u>

Aggregate segment operating income

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

	Quarter Ended	
	December 30, 2017	December 31, 2016
Segment operating income	\$ 3,986	\$ 3,956
Corporate and unallocated shared expenses	(150)	(132)
Restructuring and impairment charges	(15)	—
Other income, net ⁽¹⁾	53	—
Interest expense, net	(129)	(99)
Income before income taxes	3,745	3,725
Income taxes	728	(1,237)
Net income	<u>\$ 4,473</u>	<u>\$ 2,488</u>

⁽¹⁾ The Company recorded a \$53 million gain in the quarter on the sale of property rights.

EPS excluding certain items affecting comparability

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

(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 30, 2017:					
As reported	\$ 3,745	\$ 728	\$ 4,473	\$ 2.91	88%
Exclude:					
One-time net benefit from new U.S. federal tax legislation	—	(1,557)	(1,557)	(1.00)	
Gain from sale of property rights	(53)	12	(41)	(0.03)	
Restructuring and impairment charges	15	(3)	12	0.01	
Excluding certain items affecting comparability	<u>\$ 3,707</u>	<u>\$ (820)</u>	<u>\$ 2,887</u>	<u>\$ 1.89</u>	22%

⁽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.