

**Reconciliation of Non-GAAP Financial Measures  
To Corresponding GAAP Financial Measures  
Quarter Ended March 29, 2008**

**Q208 and Q207**

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 including 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):

	Q208	Q207	Change	
Parks and Resorts Revenue as reported	\$ 2,725	\$ 2,446	\$ 279	
Less: Euro Disney and Hong Kong Disneyland Revenue	(479)	(372)	(107)	
Parks and Resorts Revenue excluding Euro Disney and Hong Kong Disneyland Revenue and royalties and management fees	2,246	2,074	172	8%
Add: Royalties and management fees	-	6	(6)	
Parks and Resorts Revenue excluding Euro Disney and Hong Kong Disneyland Revenue and including royalties and management fees	<u>\$ 2,246</u>	<u>\$ 2,080</u>	<u>\$ 166</u>	
Parks and Resorts Operating Income as reported	\$ 339	\$ 254	\$ 85	
Less: Euro Disney and Hong Kong Disneyland Operating Income / (Loss)	(40)	(57)	17	
Parks and Resorts Operating Income excluding Euro Disney and Hong Kong Disneyland Operating Income and excluding royalties and management fees	379	311	68	22%
Add: Royalties and management fees	-	6	(6)	
Parks and Resorts Operating Income excluding Euro Disney and Hong Kong Disneyland Operating Income / (Loss) and including royalties and management fees	379	317	62	
Add: Equity in the Income (Loss) of Euro Disney and Hong Kong Disneyland	(36)	(45)	9	
Parks and Resorts Operating Income including Euro Disney and Hong Kong Disneyland under the equity method of accounting	<u>343</u>	<u>272</u>	<u>71</u>	
Margins including Euro Disney and Hong Kong Disneyland as reported	12.4%	10.4%	2.0%	
Margins excluding Euro Disney and Hong Kong Disneyland and excluding royalties and management fees	16.9%	15.0%	1.9%	
Margins excluding Euro Disney and Hong Kong Disneyland and including royalties and management fees	16.9%	15.2%	1.7%	
Margins including Euro Disney and Hong Kong Disneyland under the equity method of accounting	15.3%	13.1%	2.2%	

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Free cash flow, net borrowings, aggregate segment operating income, and earnings per share excluding certain items 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 continuing operations to free cash flow (unaudited, in millions):

	Quarter ended		Change
	3/29/2008	3/31/2007	
Cash provided by continuing operations	\$ 2,603	\$ 2,206	\$ 397
Less: Investments in parks, resorts and other property	(347)	(301)	(46)
Free cash flow	<u>\$ 2,256</u>	<u>\$ 1,905</u>	<u>\$ 351</u>
			<u>18%</u>

  

	Six Months ended		Change
	3/29/2008	3/31/2007	
Cash provided by continuing operations	\$ 3,265	\$ 2,698	\$ 567
Less: Investments in parks, resorts and other property	(596)	(546)	(50)
Free cash flow	<u>\$ 2,669</u>	<u>\$ 2,152</u>	<u>\$ 517</u>
			<u>24%</u>

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

	Quarter ended		Six Months ended	
	3/29/2008	3/31/2007	3/29/2008	3/31/2007
Cash provided by continuing operations	\$ 2,603	\$ 2,206	\$ 3,265	\$ 2,698
Cash (used) provided by continuing investing activities	(483)	(286)	(807)	950
Cash used by continuing financing activities	(1,674)	(2,242)	(2,268)	(3,979)
	<u>446</u>	<u>(322)</u>	<u>190</u>	<u>(331)</u>
Net cash provided by operating activities of discontinued operations	-	38	-	62
Net cash used by investing activities of discontinued operations	-	-	-	-
Net cash provided by financing activities of discontinued operations	-	29	-	40
	<u>446</u>	<u>(255)</u>	<u>190</u>	<u>(229)</u>
Increase/(decrease) in cash and cash equivalents	446	(255)	190	(229)
Cash and cash equivalents, beginning of period	<u>3,414</u>	<u>2,437</u>	<u>3,670</u>	<u>2,411</u>
Cash and cash equivalents, end of period	<u>\$ 3,860</u>	<u>\$ 2,182</u>	<u>\$ 3,860</u>	<u>\$ 2,182</u>

Net borrowings

The following table presents the calculation of total borrowing and net borrowings (in millions):

	3/29/08	9/29/2007	Change
	(unaudited)		
Current portion of borrowings	\$ 2,861	\$ 3,280	\$ (419)
Long-term borrowings	<u>12,929</u>	<u>11,892</u>	<u>1,037</u>
Total borrowings	15,790	15,172	618
Less: cash and cash equivalents	(3,860)	(3,670)	(190)
Net borrowings	<u>\$ 11,930</u>	<u>\$ 11,502</u>	<u>\$ 428</u>

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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	
	3/29/2008	3/31/2007	3/29/2008	3/31/2007
Segment operating income	\$ 2,140	\$ 1,764	\$ 4,389	\$ 3,714
Corporate and unallocated shared expenses	(98)	(130)	(191)	(237)
Equity-based compensation plan modification charge	-	-	-	(48)
Gain on sales of equity investments	-	-	-	1,052
Net interest expense	(147)	(130)	(270)	(287)
Income from continuing operations before income taxes and minority interests	1,895	1,504	3,928	4,194
Income taxes	(712)	(582)	(1,471)	(1,591)
Minority interests	(50)	(3)	(74)	(8)
Income from continuing operations	1,133	919	2,383	2,595
Discontinued operations, net of tax	-	12	-	37
Net income	<u>\$ 1,133</u>	<u>\$ 931</u>	<u>\$ 2,383</u>	<u>\$ 2,632</u>

Earnings per share excluding certain items

The following table reconciles reported earnings per share to earnings per share excluding certain items (unaudited):

	Six Months ended		Change
	3/29/2008	3/31/2007	
Diluted EPS	\$ 1.21	\$ 1.24	(2)%
Exclude:			
Discontinued operations	-	(0.02)	nm
Gains on sales of equity investments	-	(0.31)	nm
Equity-based compensation plan modification charge	-	0.01	nm
Diluted EPS excluding certain items <sup>(1)</sup>	<u>\$ 1.21</u>	<u>\$ 0.93</u>	30%

<sup>(1)</sup> Diluted EPS excluding certain items may not equal the sum of the column due to rounding.