

**Reconciliation of Non-GAAP Measures
To Corresponding GAAP Measures
(Fiscal Year 2004)**

Earnings excluding unusual items, net debt, free cash flow and aggregate segment operating income 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 of, or as a substitute for, the corresponding GAAP measures. These measures, as calculated by the Company, may not be comparable to similarly titled measures employed by other companies.

Earnings excluding certain unusual items

The following table presents a reconciliation of the Company's consolidated net income and net income per share (diluted) adjusted for certain unusual items (unaudited, in millions, except per share data):

	<u>Year ended 9/30/2004</u>	<u>Year ended 9/30/2003</u>	<u>Increase (Decrease)</u>
Net income before cumulative effect of accounting changes	\$ 2,345	\$ 1,338	\$ 1,007
Write-off of aircraft leveraged lease investment	-	83	(83)
Benefit of favorable tax settlement	(120)	(56)	(64)
Restructuring and impairment charges	<u>40</u>	<u>-</u>	<u>40</u>
Earnings excluding unusual items	<u>\$ 2,265</u>	<u>\$ 1,365</u>	<u>\$ 900</u>
<i>Percent increase in earnings excluding unusual items</i>			<u>66%</u>
Earnings per share before the cumulative effect of accounting changes ⁽¹⁾	\$ 1.12	\$ 0.65	\$ 0.47
Write-off of aircraft leveraged lease investment	-	0.04	(0.04)
Benefit of favorable tax settlement	(0.06)	(0.03)	(0.03)
Restructuring and impairment charges	<u>0.02</u>	<u>-</u>	<u>0.02</u>
Earnings per share excluding unusual items (1)	<u>\$ 1.08</u>	<u>\$ 0.66</u>	<u>\$ 0.42</u>
Average number of common and common share equivalents outstanding:	<u>2,106</u>	<u>2,067</u>	
<i>Percent increase in earnings per share (diluted) excluding unusual items</i>			<u>64%</u>

⁽¹⁾ The calculation of diluted earnings per share assumes the conversion of the Company's convertible senior notes issued in April 2003, and adds back interest expense (net of tax) of \$21 million and \$10 million for the year ended September 31, 2004 and 2003, respectively.

Net debt

The following table presents the calculation of the reduction in net debt (unaudited, in millions):

	<u>9/30/2004</u>	<u>9/30/2003</u>	<u>Increase (Decrease)</u>	
Current portion of borrowings	\$ 4,093	\$ 2,457	\$ 1,636	
Long-term portion of borrowings	9,395	10,643	(1,248)	
Total borrowings	<u>13,488</u>	<u>13,100</u>	<u>388</u>	
Cash and cash equivalents	(2,042)	(1,583)	(459)	
Net borrowings	<u>\$ 11,446</u>	<u>\$ 11,517</u>	<u>\$ (71)</u>	
Less: net borrowings of Euro Disney and Hong Kong Disneyland	<u>(2,454)</u>	<u>-</u>	<u>(2,454)</u>	
Net borrowings excluding Euro Disney and Hong Kong Disneyland	<u>\$ 8,992</u>	<u>\$ 11,517</u>	<u>\$ (2,525)</u>	
			<table border="1"><tr><td>-22%</td></tr></table>	-22%
-22%				

The following table presents a reconciliation of net borrowings excluding Euro Disney and Hong Kong Disneyland to total borrowings and net borrowings:

	<u>Amounts excluding Euro Disney and Hong Kong Disneyland</u>	<u>Euro Disney and Hong Kong Disneyland</u>	<u>Total</u>
Current portion of borrowings	\$ 1,872	\$ 2,221	\$ 4,093
Long-term borrowings	8,850	545	9,395
Total borrowings	<u>10,722</u>	<u>2,766</u>	<u>13,488</u>
Cash and cash equivalents	(1,730)	(312)	(2,042)
Net borrowings	<u>\$ 8,992</u>	<u>\$ 2,454</u>	<u>\$ 11,446</u>

Free cash flow

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

	Year ended 9/30/2004	Year ended 9/30/2003	Dollar Change
Cash flows provided by operations	\$ 4,370	\$ 2,901	\$ 1,469
Less: Investments in parks, resorts and other property	<u>(1,427)</u>	<u>(1,049)</u>	<u>(378)</u>
Free cash flow	<u>\$ 2,943</u>	<u>\$ 1,852</u>	<u>\$ 1,091</u>

59%

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

	Year ended 9/30/2004	Year ended 9/30/2003
Cash provided by operations	\$ 4,370	\$ 2,901
Cash used by investing activities	(1,484)	(1,034)
Cash used by financing activities	<u>(2,701)</u>	<u>(1,523)</u>
Increase in cash and cash equivalents	185	344
Cash and cash equivalents due to the initial consolidation of Euro Disney and Hong Kong Disneyland	274	—
Cash and cash equivalents, beginning of period	1,583	1,239
Cash and cash equivalents, end of period	<u>\$ 2,042</u>	<u>\$ 1,583</u>

Aggregate segment operating income

The following table presents a reconciliation of aggregate segment operating income to income before income taxes, minority interests and the cumulative effect of accounting change:

	Three Months ended		Year ended	
	September 30, 2004	2003	September 30, 2004	2003
Segment operating income	\$ 899	\$ 830	\$ 4,488	\$ 3,174
Corporate and unallocated shared expenses	(144)	(148)	(428)	(443)
Amortization of intangible assets	(4)	(4)	(12)	(18)
Gain on the sale of business	—	—	—	16
Restructuring and impairment charges	(5)	(1)	(64)	(16)
Net interest expense	(171)	(134)	(617)	(793)
Equity in the income of investees	72	91	372	334
Income before income taxes, minority interests and the cumulative effect of accounting change	<u>\$ 647</u>	<u>\$ 634</u>	<u>\$ 3,739</u>	<u>\$ 2,254</u>