

**Reconciliation of Non-GAAP Measures  
To Corresponding GAAP Measures  
December 31, 2004**

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.

Net debt

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

	12/31/04 (unaudited)	9/30/2004	Increase (Decrease)
Current portion of borrowings	\$ 3,405	\$ 4,093	\$ (688)
Long-term portion of borrowings	10,309	9,395	914
Total borrowings	<u>13,714</u>	<u>13,488</u>	226
Cash and cash equivalents	(2,166)	(2,042)	(124)
Net borrowings	<u>\$ 11,548</u>	<u>\$ 11,446</u>	\$ 102
Less: net borrowings of Euro Disney and Hong Kong Disneyland	<u>(2,833)</u>	<u>(2,454)</u>	<u>(379)</u>
Net borrowings excluding Euro Disney and Hong Kong Disneyland	<u>\$ 8,715</u>	<u>\$ 8,992</u>	<u>\$ (277)</u>
			<u>-3%</u>

The following table presents a reconciliation of net borrowings excluding Euro Disney and Hong Kong Disneyland to total borrowings and net borrowings at December 31, 2004 (unaudited, in millions):

	Amounts excluding Euro Disney and Hong Kong Disneyland	Euro Disney and Hong Kong Disneyland	Total
Current portion of borrowings	\$ 965	\$ 2,440	\$ 3,405
Long-term borrowings	9,675	634	10,309
Total borrowings	<u>10,640</u>	<u>3,074</u>	<u>13,714</u>
Cash and cash equivalents	(1,925)	(241)	(2,166)
Net borrowings	<u>\$ 8,715</u>	<u>\$ 2,833</u>	<u>\$ 11,548</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):

	Quarter ended 12/31/04	Quarter ended 12/31/03	Dollar Change
Cash flows provided (used) by operations	\$ 156	\$ (2)	\$ 158
Less: Investments in parks, resorts and other property	(347)	(208)	(139)
Free cash flow	<u>\$ (191)</u>	<u>\$ (210)</u>	<u>\$ 19</u>
			-9%

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

	Quarter ended 12/31/04	Quarter ended 12/31/03
Cash provided (used) by operations	\$ 156	\$ (2)
Cash used by investing activities	(239)	(163)
Cash provided by financing activities	207	44
Increase (decrease) in cash and cash equivalents	124	(121)
Cash and cash equivalents, beginning of period	2,042	1,583
Cash and cash equivalents, end of period	<u>\$ 2,166</u>	<u>\$ 1,462</u>

### Aggregate segment operating income

The following table presents a reconciliation of aggregate segment operating income to income before income taxes and minority interests:

	Quarter ended December 31,	
	2004	2003
Segment operating income	\$ 1,289	\$ 1,271
Corporate and unallocated shared expenses	(113)	(103)
Amortization of intangible assets	(2)	(3)
Restructuring and impairment charges	(17)	-
Net interest expense	(140)	(148)
Equity in the income of investees	125	97
Income before income taxes and minority interests	<u>\$ 1,142</u>	<u>\$ 1,114</u>