

**Reconciliation of Non-GAAP Metrics
To Corresponding GAAP Metrics
April 2, 2005**

Income before cumulative effect of accounting change excluding certain items, net debt, free cash flow and aggregate segment operating income are not metrics of performance defined by, or calculated in accordance with generally accepted accounting principles (GAAP). These metrics should not be considered in isolation of, or as a substitute for, the corresponding GAAP metrics. These metrics, as calculated by the Company, may not be comparable to similarly titled metrics employed by other companies.

Income before cumulative effect of accounting change excluding certain items

The following table presents a reconciliation of the Company's consolidated income before cumulative effect of accounting change excluding certain items and diluted earnings per share before the cumulative effect of accounting change excluding certain items (in millions, except per share data):

	Year ended 9/30/2004	Year ended 9/30/2003	Year ended 9/30/2002	2004 vs. 2003 Increase (Decrease)	2004 vs. 2002 Increase (Decrease)
Income before cumulative effect of accounting change	\$ 2,345	\$ 1,338	\$ 1,236	\$ 1,007	\$ 1,109
Gain on sale of shares of Knight-Ridder, Inc.	-	-	(136)	-	136
Gain on sale of the Disney Store Japan	-	-	(21)	-	21
Write-off of aircraft leveraged lease investment	-	83	-	(83)	-
Benefit of favorable tax settlement	(120)	(56)	-	(64)	(120)
Restructuring and impairment charges	40	-	-	40	40
Income before cumulative effect of accounting change excluding certain items	<u>\$ 2,265</u>	<u>\$ 1,365</u>	<u>\$ 1,079</u>	<u>\$ 900</u>	<u>\$ 1,186</u>
<i>Percent increase in income before cumulative effect of accounting change excluding certain items</i>				66%	110%
Diluted earnings per share before the cumulative effect of accounting change ⁽¹⁾	\$ 1.12	\$ 0.65	\$ 0.60	\$ 0.47	\$ 0.52
Gain on sale of shares of Knight-Ridder, Inc.	-	-	(0.06)	-	0.06
Gain on sale of the Disney Store Japan	-	-	(0.01)	-	0.01
Write-off of aircraft leveraged lease investment	-	0.04	-	(0.04)	-
Benefit of favorable tax settlement	(0.06)	(0.03)	-	(0.03)	(0.06)
Restructuring and impairment charges	0.02	-	-	0.02	0.02
Diluted earnings per share before the cumulative effect of accounting change excluding certain items ⁽¹⁾	<u>\$ 1.08</u>	<u>\$ 0.66</u>	<u>\$ 0.53</u>	<u>\$ 0.42</u>	<u>\$ 0.55</u>
Average number of common and common equivalent shares outstanding:					
Diluted:	<u>2,106</u>	<u>2,067</u>	<u>2,044</u>		
<i>Percent increase in diluted earnings per share before the cumulative effect of accounting change excluding certain items</i>				64%	104%

⁽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 years ended September 30, 2004 and 2003, respectively.

Fiscal year 2002 earnings per share before the cumulative effect of accounting change excluding certain items \$ 0.53

Assumed fiscal year 2005 earnings per share before cumulative effect of accounting change, assuming 10% growth over fiscal year 2004 earnings per share before cumulative effect of accounting change excluding certain items \$ 1.19

Assumed compounded annual growth rate in earnings per share before cumulative effect of accounting change from fiscal year 2002 through fiscal year 2005 excluding certain items 31%

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Net debt

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

	(unaudited) 4/2/05	9/30/2004	Increase (Decrease)
Current portion of borrowings	\$ 1,523	\$ 4,093	\$ (2,570)
Long-term borrowings	11,664	9,395	2,269
Total borrowings	<u>13,187</u>	<u>13,488</u>	<u>(301)</u>
Less: cash and cash equivalents	(1,941)	(2,042)	101
Net borrowings	<u>\$ 11,246</u>	<u>\$ 11,446</u>	<u>\$ (200)</u>
Less: net borrowings of Euro Disney and Hong Kong Disneyland	<u>(2,453)</u>	<u>(2,454)</u>	<u>1</u>
Net borrowings excluding Euro Disney and Hong Kong Disneyland	<u>\$ 8,793</u>	<u>\$ 8,992</u>	<u>\$ (199)</u>

-2%

The following table presents a reconciliation of net borrowings excluding Euro Disney and Hong Kong Disneyland to total borrowings and net borrowings at April 2, 2005 (unaudited, in millions):

	Amounts excluding Euro Disney and Hong Kong Disneyland	Euro Disney and Hong Kong Disneyland	Total
Current portion of borrowings	\$ 1,523	\$ -	\$ 1,523
Long-term borrowings	8,800	2,864	11,664
Total borrowings	<u>10,323</u>	<u>2,864</u>	<u>13,187</u>
Less: cash and cash equivalents	<u>(1,530)</u>	<u>(411)</u>	<u>(1,941)</u>
Net borrowings	<u>\$ 8,793</u>	<u>\$ 2,453</u>	<u>\$ 11,246</u>

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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):

	Six Months ended		Change
	4/2/05	3/31/2004	
Cash provided by operations	\$ 1,149	\$ 2,504	\$ (1,355)
Less: Investments in parks, resorts and other property	(773)	(468)	(305)
Free cash flow	<u>\$ 376</u>	<u>\$ 2,036</u>	<u>\$ (1,660)</u>
			-82%

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

	Six Months ended	
	4/2/05	3/31/2004
Cash provided by operations	\$ 1,149	\$ 2,504
Cash used by investing activities	(689)	(429)
Cash used by financing activities	(561)	(784)
(Decrease) increase in cash and cash equivalents	(101)	1,291
Cash and cash equivalents, beginning of period	<u>2,042</u>	<u>1,857</u>
Cash and cash equivalents, end of period	<u>\$ 1,941</u>	<u>\$ 3,148</u>

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Aggregate segment operating income

The following table presents a reconciliation of aggregate segment operating income to income before income taxes and minority interests (unaudited, in millions):

	Quarter ended		Six Months ended	
	4/2/2005	3/31/2004	4/2/2005	3/31/2004
Segment operating income	\$ 1,282	\$ 1,120	\$ 2,571	\$ 2,391
Corporate and unallocated shared expenses	(105)	(82)	(218)	(185)
Amortization of intangible assets	(3)	(2)	(5)	(5)
Restructuring and impairment charges	(7)	(3)	(24)	(3)
Net interest expense	(90)	(147)	(230)	(295)
Equity in the income of investees	113	77	238	174
Income before income taxes and minority interests	<u>\$ 1,190</u>	<u>\$ 963</u>	<u>\$ 2,332</u>	<u>\$ 2,077</u>