

**Reconciliation of Non-GAAP Financial Measures
To Corresponding GAAP Financial Measures
June 27, 2020**

Free cash flow, diluted earnings per share (EPS) excluding certain items affecting comparability and total 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, 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 Company uses free cash flow (cash provided by operations less investments in parks, resorts and other property), among other measures, to evaluate the ability of its operations to generate cash that is available for purposes other than capital expenditures. Management believes that information about free cash flow provides investors with an important perspective on the cash available to service debt obligations, make strategic acquisitions and investments and pay dividends or repurchase shares.

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

	Quarter Ended		Nine Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Cash provided by (used in) operations - continuing operations	\$ 1,162	\$ (1,748)	\$ 5,949	\$ 4,266
Cash used in investing activities - continuing operations	(714)	(1,102)	(3,320)	(13,785)
Cash provided by (used in) financing activities - continuing operations	8,303	(163)	14,919	12,533
Cash provided by (used in) operations - discontinued operations	(2)	355	2	320
Cash provided by investing activities - discontinued operations	—	—	198	—
Cash used in financing activities - discontinued operations	—	(179)	—	(179)
Impact of exchange rates on cash, cash equivalents and restricted cash	27	(28)	(49)	47
Change in cash, cash equivalents and restricted cash	8,776	(2,865)	17,699	3,202
Cash, cash equivalents and restricted cash, beginning of period	14,378	10,222	5,455	4,155
Cash, cash equivalents and restricted cash, end of period	<u>\$ 23,154</u>	<u>\$ 7,357</u>	<u>\$ 23,154</u>	<u>\$ 7,357</u>

The following table presents a reconciliation of the Company's consolidated cash provided by operations to free cash flow (in millions):

	Quarter Ended			Nine Months Ended		
	June 27, 2020	June 29, 2019	Change	June 27, 2020	June 29, 2019	Change
Cash provided by (used in) operations - continuing operations	\$ 1,162	\$ (1,748)	\$ 2,910	\$ 5,949	\$ 4,266	\$ 1,683
Investments in parks, resorts and other property	(708)	(1,177)	469	(3,293)	(3,567)	274
Free cash flow	<u>\$ 454</u>	<u>\$ (2,925)</u>	<u>\$ 3,379</u>	<u>\$ 2,656</u>	<u>\$ 699</u>	<u>\$ 1,957</u>

Diluted EPS excluding certain items affecting comparability – The Company uses diluted EPS excluding certain items to evaluate the performance of the Company's operations exclusive of certain items affecting comparability of results from period to period. The Company believes that information about diluted EPS exclusive of these items is useful to investors, particularly where the impact of the excluded items is significant in relation to reported earnings, because the measure allows for comparability between periods of the operating performance of the Company's business and allows investors to evaluate the impact of these items separately from the impact of the operations of the business.

The following table reconciles reported diluted EPS from continuing operations to diluted EPS excluding certain items affecting comparability for the third quarter:

(in millions except EPS)	Pre-Tax Income/ Loss	Tax Benefit/ Expense ⁽¹⁾	After-Tax Income/ Loss ⁽²⁾	Diluted EPS ⁽³⁾	Change vs. prior year period
Quarter Ended June 27, 2020					
As reported	\$ (4,840)	\$ 331	\$ (4,509)	\$ (2.61)	n/m
Exclude:					
Other income ⁽⁴⁾	(382)	89	(293)	(0.16)	
Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs ⁽⁵⁾	683	(159)	524	0.28	
Restructuring and impairment charges ⁽⁶⁾	5,047	(408)	4,639	2.56	
Excluding certain items affecting comparability	<u>\$ 508</u>	<u>\$ (147)</u>	<u>\$ 361</u>	<u>\$ 0.08</u>	(94) %
Quarter Ended June 29, 2019					
As reported	\$ 2,009	\$ (393)	\$ 1,616	\$ 0.79	
Exclude:					
Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs ⁽⁵⁾	779	(168)	611	0.34	
Restructuring and impairment charges ⁽⁶⁾	207	(48)	159	0.09	
Impairment of equity investment ⁽⁷⁾	185	(42)	143	0.08	
Other income ⁽⁴⁾	123	(28)	95	0.05	
Excluding certain items affecting comparability	<u>\$ 3,303</u>	<u>\$ (679)</u>	<u>\$ 2,624</u>	<u>\$ 1.34</u>	

(1) Tax benefit/expense is determined using the tax rate applicable to the individual item.

(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.

(4) For the current quarter, other income was due to the DraftKings gain (\$382 million). For the prior-year quarter, other income reflects an adjustment to the Hulu gain (\$123 million).

(5) For the current quarter, intangible asset amortization was \$486 million, step-up amortization was \$190 million and amortization of intangible assets related to TFCF equity investees was \$7 million. For the prior-year quarter, intangible asset amortization was \$490 million, step-up amortization was \$274 million and amortization of intangible assets related to TFCF equity investees was \$15 million.

(6) Charges in the current quarter were due to goodwill and intangible asset impairments (\$4,953 million) and severance and contract termination costs related to the acquisition and integration of TFCF (\$94 million). Charges in the prior-year quarter included severance costs related to the acquisition and integration of TFCF and an acceleration of equity based compensation, primarily for TFCF awards that vested upon closing the acquisition.

(7) Primarily reflects the impairment of an investment in a cable channel at A+E Television Networks.

The following table reconciles reported diluted EPS from continuing operations to diluted EPS excluding certain items affecting comparability for the year:

(in millions except EPS)	Pre-Tax Income/ Loss	Tax Benefit/ Expense ⁽¹⁾	After-Tax Income/ Loss ⁽²⁾	Diluted EPS ⁽³⁾	Change vs. prior year period
Nine Months Ended June 27, 2020:					
As reported	\$ (1,163)	\$ (650)	\$ (1,813)	\$ (1.17)	n/m
Exclude:					
Other income ⁽⁴⁾	(382)	89	(293)	(0.16)	
Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs ⁽⁵⁾	2,106	(490)	1,616	0.86	
Restructuring and impairment charges ⁽⁶⁾	5,342	(477)	4,865	2.69	
Excluding certain items affecting comparability	<u>\$ 5,903</u>	<u>\$ (1,528)</u>	<u>\$ 4,375</u>	<u>\$ 2.22</u>	(53) %
Nine Months Ended June 29, 2019:					
As reported	\$ 12,676	\$ (2,685)	\$ 9,991	\$ 5.97	
Exclude:					
Other income ⁽⁴⁾	(4,840)	1,114	(3,726)	(2.30)	
One-time net benefit from the Tax Act ⁽⁸⁾	—	(34)	(34)	(0.02)	
Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs ⁽⁵⁾	884	(191)	693	0.43	
Restructuring and impairment charges ⁽⁶⁾	869	(200)	669	0.42	
Impairment of equity investments ⁽⁷⁾	538	(123)	415	0.26	
Excluding certain items affecting comparability	<u>\$ 10,127</u>	<u>\$ (2,119)</u>	<u>\$ 8,008</u>	<u>\$ 4.74</u>	

(1) Tax benefit/expense is determined using the tax rate applicable to the individual item.

(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.

(4) For the current nine-month period, other income was due to the DraftKings gain (\$382 million). For the prior-year period, other income included the Hulu gain (\$4,794 million) and insurance recoveries on a legal matter (\$46 million).

(5) For the current nine-month period, intangible asset amortization was \$1,470 million, step-up amortization was \$613 million and amortization of intangible assets related to TFCF equity investees was \$23 million. For the prior-year period, intangible asset amortization was \$562 million, step-up amortization was \$307 million and amortization of intangible assets related to TFCF equity investees was \$15 million.

(6) Charges in the current period were due to goodwill and intangible asset impairments (\$4,953 million) and severance and contract termination costs (\$389 million) related to the acquisition and integration of TFCF. Charges in the prior-year period included severance costs related to the acquisition and integration of TFCF and an acceleration of equity based compensation, primarily for TFCF awards that vested upon closing the acquisition.

(7) Reflects the impairments of Vice Group Holdings, Inc. and of an investment in a cable channel at A+E Television Networks.

(8) Reflects the benefit from the U.S. federal income tax legislation enacted in fiscal 2018 (Tax Act).

Total segment operating income – The Company evaluates the performance of its operating segments based on segment operating income, and management uses total segment operating income as a measure of the performance of operating businesses separate from non-operating factors. The Company believes that information about total segment operating income assists investors by allowing them to evaluate

changes in the operating results of the Company's portfolio of businesses separate from non-operational factors that affect net income, thus providing separate insight into both operations and the other factors that affect reported results.

A reconciliation of income (loss) from continuing operations before income taxes to total segment operating income is as follows (in millions):

	Quarter Ended			Nine Months Ended		
	June 27, 2020	June 29, 2019	Change	June 27, 2020	June 29, 2019	Change
Income (loss) from continuing operations before income taxes	\$ (4,840)	\$ 2,009	nm	\$ (1,163)	\$ 12,676	nm
Add/(subtract):						
Corporate and unallocated shared expenses	179	238	25%	604	678	11%
Restructuring and impairment charges	5,047	207	>(100)%	5,342	869	>(100)%
Other (income) expense, net	(382)	123	nm	(382)	(4,840)	(92)%
Interest expense, net	412	411	—%	995	617	(61)%
Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs	683	779	12%	2,106	884	>(100)%
Impairment of equity investments ⁽¹⁾	—	185	100%	—	538	100%
Total Segment Operating Income	\$ 1,099	\$ 3,952	(72)%	\$ 7,502	\$ 11,422	(34)%

⁽¹⁾ The prior-year quarter reflects the impairment of an investment in a cable channel at A+E Television Networks. The prior-year nine-month period also includes an impairment of Vice Group Holdings, Inc.