

**Reconciliation of Non-GAAP Financial Measures
To Corresponding GAAP Financial Measures
October 3, 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 | | Year Ended | |
|---|-----------------|-------------------|-----------------|-------------------|
| | Oct. 3, 2020 | Sept. 28, 2019 | Oct. 3, 2020 | Sept. 28, 2019 |
| Cash provided by operations - continuing operations | \$ 1,667 | \$ 1,718 | \$ 7,616 | \$ 5,984 |
| Cash used in investing activities - continuing operations | (530) | (1,311) | (3,850) | (15,096) |
| Cash provided by (used in) financing activities - continuing operations | (6,439) | (12,997) | 8,480 | (464) |
| Cash provided by operations - discontinued operations | — | 302 | 2 | 622 |
| Cash provided by investing activities - discontinued operations | 15 | 10,978 | 213 | 10,978 |
| Cash used in financing activities - discontinued operations | — | (447) | — | (626) |
| Impact of exchange rates on cash, cash equivalents and restricted cash | 87 | (145) | 38 | (98) |
| Change in cash, cash equivalents and restricted cash | (5,200) | (1,902) | 12,499 | 1,300 |
| Cash, cash equivalents and restricted cash, beginning of period | 23,154 | 7,357 | 5,455 | 4,155 |
| Cash, cash equivalents and restricted cash, end of period | \$ 17,954 | \$ 5,455 | \$ 17,954 | \$ 5,455 |

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

| | Quarter Ended | | | Year Ended | | |
|---|-----------------|-------------------|---------|-----------------|-------------------|----------|
| | Oct. 3, 2020 | Sept. 28, 2019 | Change | Oct. 3, 2020 | Sept. 28, 2019 | Change |
| Cash provided by operations - continuing operations | \$ 1,667 | \$ 1,718 | \$ (51) | \$ 7,616 | \$ 5,984 | \$ 1,632 |
| Investments in parks, resorts and other property | (729) | (1,309) | 580 | (4,022) | (4,876) | 854 |
| Free cash flow | \$ 938 | \$ 409 | \$ 529 | \$ 3,594 | \$ 1,108 | \$ 2,486 |

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 fourth 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 October 3, 2020 | | | | | |
| As reported | \$ (580) | \$ (49) | \$ (629) | \$ (0.39) | n/m |
| Exclude: | | | | | |
| Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs ⁽⁴⁾ | 740 | (173) | 567 | 0.30 | |
| Restructuring and impairment charges ⁽⁵⁾ | 393 | (94) | 299 | 0.17 | |
| Other income, net ⁽⁶⁾ | (656) | 153 | (503) | (0.28) | |
| Excluding certain items affecting comparability | <u>\$ (103)</u> | <u>\$ (163)</u> | <u>\$ (266)</u> | <u>\$ (0.20)</u> | n/m |
| Quarter Ended September 28, 2019 | | | | | |
| As reported | \$ 1,247 | \$ (341) | \$ 906 | \$ 0.43 | |
| Exclude: | | | | | |
| Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs ⁽⁴⁾ | 711 | (164) | 547 | 0.30 | |
| Other income, net ⁽⁶⁾ | 483 | (112) | 371 | 0.21 | |
| Restructuring and impairment charges ⁽⁵⁾ | 314 | (73) | 241 | 0.13 | |
| Excluding certain items affecting comparability | <u>\$ 2,755</u> | <u>\$ (690)</u> | <u>\$ 2,065</u> | <u>\$ 1.07</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, intangible asset amortization was \$451 million, step-up amortization was \$286 million and amortization of intangible assets related to TFCF equity investees was \$3 million. For the prior-year quarter, intangible asset amortization was \$481 million and step-up amortization was \$230 million.

⁽⁵⁾ Charges in the current quarter were due to severance costs in connection with the reduction-in-force at our Parks, Experiences and Products segment and the integration of TFCF. Charges in the prior-year quarter included severance costs related to the acquisition and integration of TFCF.

⁽⁶⁾ Other income, net for the current quarter included a non-cash gain to adjust the Company's investment in DraftKings, Inc. to fair value (DraftKings gain) (\$591 million) and a gain on the sale of an investment (\$65 million). Other income, net for the prior-year quarter included a charge for the extinguishment of a portion of the debt originally assumed in the TFCF acquisition (\$511 million), partially offset by a gain on the deemed settlement of preexisting relationships with TFCF pursuant to our acquisition accounting (\$28 million).

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 |
|--|----------------------------|---|---|-------------------------------|------------------------------------|
| Year Ended October 3, 2020: | | | | | |
| As reported | \$ (1,743) | \$ (699) | \$ (2,442) | \$ (1.57) | n/m |
| Exclude: | | | | | |
| Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs ⁽⁴⁾ | 2,846 | (662) | 2,184 | 1.17 | |
| Restructuring and impairment charges ⁽⁵⁾ | 5,735 | (571) | 5,164 | 2.86 | |
| Other income, net ⁽⁶⁾ | (1,038) | 242 | (796) | (0.44) | |
| Excluding certain items affecting comparability | <u>\$ 5,800</u> | <u>\$ (1,690)</u> | <u>\$ 4,110</u> | <u>\$ 2.02</u> | (65) % |
| Year Ended September 28, 2019: | | | | | |
| As reported | \$ 13,923 | \$ (3,026) | \$ 10,897 | \$ 6.26 | |
| Exclude: | | | | | |
| Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs ⁽⁴⁾ | 1,595 | (355) | 1,240 | 0.74 | |
| Restructuring and impairment charges ⁽⁵⁾ | 1,183 | (273) | 910 | 0.55 | |
| Impairment of equity investments ⁽⁷⁾ | 538 | (123) | 415 | 0.25 | |
| Other income, net ⁽⁶⁾ | (4,357) | 1,002 | (3,355) | (2.01) | |
| One-time impact from the Tax Act ⁽⁸⁾ | — | (34) | (34) | (0.02) | |
| Excluding certain items affecting comparability | <u>\$ 12,882</u> | <u>\$ (2,809)</u> | <u>\$ 10,073</u> | <u>\$ 5.76</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 fiscal 2020, intangible asset amortization was \$1,921 million, step-up amortization was \$899 million and amortization of intangible assets related to TFCF equity investees was \$26 million. For fiscal 2019, intangible asset amortization was \$1,043 million, step-up amortization was \$537 million and amortization of intangible assets related to TFCF equity investees was \$15 million.

⁽⁵⁾ Charges in fiscal 2020 were due to goodwill and intangible asset impairments (\$4,953 million) and severance and contract termination costs (\$782 million) related to the integration of TFCF and the reduction-in-force at our Parks, Experiences and Products segment. Charges in fiscal 2019 included severance costs related to the acquisition and integration of TFCF and the acceleration of equity based compensation, primarily for TFCF awards that vested upon closing the acquisition.

⁽⁶⁾ Other income, net for fiscal 2020 included the DraftKings gain (\$973 million) and a gain on the sale of an investment (\$65 million). Other income, net for fiscal 2019 included a non-cash gain recognized in connection with the acquisition of a controlling interest in Hulu (\$4.8 billion), insurance recoveries on a legal matter (\$46 million) and a gain on the deemed settlement of preexisting relationships with TFCF pursuant to acquisition accounting guidance (\$28 million), partially offset by a charge for the extinguishment of a portion of the debt originally assumed in the TFCF acquisition (\$511 million).

⁽⁷⁾ Includes the impairments of Vice Group Holding Inc. and of an investment in a cable channel at A+E Television Networks (\$353 million and \$170 million, respectively).

⁽⁸⁾ Reflects a 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 | | | Year Ended | | |
|---|--------------------|-----------------------|---------------|--------------------|-----------------------|---------------|
| | October 3, 2020 | September 28, 2019 | Change | October 3, 2020 | September 28, 2019 | Change |
| Income (loss) from continuing operations before income taxes | \$ (580) | \$ 1,247 | nm | \$ (1,743) | \$ 13,923 | nm |
| Add/(subtract): | | | | | | |
| Corporate and unallocated shared expenses | 213 | 309 | 31 % | 817 | 987 | 17 % |
| Restructuring and impairment charges | 393 | 314 | (25) % | 5,735 | 1,183 | >(100) % |
| Other (income) expense, net | (656) | 483 | nm | (1,038) | (4,357) | (76) % |
| Interest expense, net | 496 | 361 | (37) % | 1,491 | 978 | (52) % |
| Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs | 740 | 711 | (4) % | 2,846 | 1,595 | (78) % |
| Impairment of equity investments(1) | — | — | — % | — | 538 | 100 % |
| Total Segment Operating Income | \$ 606 | \$ 3,425 | (82) % | \$ 8,108 | \$ 14,847 | (45) % |

(1) The prior year reflects an impairment of Vice Group Holding Inc and the impairment of an investment in a cable channel at A+E Television Networks.