

**Reconciliation of Non-GAAP Financial Measures
To Corresponding GAAP Financial Measures
March 28, 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		Six Months Ended	
	March 28, 2020	March 30, 2019	March 28, 2020	March 30, 2019
Cash provided by operations - continuing operations	\$ 3,157	\$ 3,915	\$ 4,787	\$ 6,014
Cash used in investing activities - continuing operations	(1,256)	(11,347)	(2,606)	(12,683)
Cash provided by financing activities - continuing operations	5,499	13,107	6,616	12,696
Cash provided by/ (used in) operations - discontinued operations	23	(35)	4	(35)
Cash provided by investing activities - discontinued operations	198	—	198	—
Impact of exchange rates on cash, cash equivalents and restricted cash	(117)	119	(76)	75
Change in cash, cash equivalents and restricted cash	7,504	5,759	8,923	6,067
Cash, cash equivalents and restricted cash, beginning of period	6,874	4,463	5,455	4,155
Cash, cash equivalents and restricted cash, end of period	\$ 14,378	\$ 10,222	\$ 14,378	\$ 10,222

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

	Quarter Ended			Six Months Ended		
	March 28, 2020	March 30, 2019	Change	March 28, 2020	March 30, 2019	Change
Cash provided by operations - continuing operations	\$ 3,157	\$ 3,915	\$ (758)	\$ 4,787	\$ 6,014	\$ (1,227)
Investments in parks, resorts and other property	(1,247)	(1,195)	(52)	(2,585)	(2,390)	(195)
Free cash flow	\$ 1,910	\$ 2,720	\$ (810)	\$ 2,202	\$ 3,624	\$ (1,422)

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 second 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 March 28, 2020					
As reported	\$ 1,060	\$ (525)	\$ 535	\$ 0.26	(93) %
Exclude:					
Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs ⁽⁴⁾	723	(167)	556	0.28	
Restructuring and impairment charges	145	(34)	111	0.06	
Excluding certain items affecting comparability	<u>\$ 1,928</u>	<u>\$ (726)</u>	<u>\$ 1,202</u>	<u>\$ 0.60</u>	(63) %
Quarter Ended March 30, 2019					
As reported	\$ 7,237	\$ (1,647)	\$ 5,590	\$ 3.53	
Exclude:					
Other income	(4,963)	1,142	(3,821)	(2.48)	
Restructuring and impairment charges ⁽⁴⁾	662	(152)	510	0.33	
Vice Impairment	353	(81)	272	0.18	
Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs ⁽⁵⁾	105	(24)	81	0.05	
Excluding certain items affecting comparability	<u>\$ 3,394</u>	<u>\$ (762)</u>	<u>\$ 2,632</u>	<u>\$ 1.61</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⁾ Primarily severance related to the acquisition and integration of TFCF. Charges in the prior-year period also included acceleration of equity based compensation, primarily for TFCF awards that vested upon closing the acquisition.

⁽⁵⁾ For the current quarter, intangible asset amortization was \$498 million, step-up amortization was \$217 million and amortization of intangible assets related to TFCF equity investees was \$8 million. For the prior-year quarter, intangible asset amortization was \$73 million and step-up amortization was \$32 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
Six Months Ended March 28, 2020:					
As reported	\$ 3,692	\$ (984)	\$ 2,708	\$ 1.44	(73) %
Exclude:					
Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs ⁽⁴⁾	1,423	(330)	1,093	0.57	
Restructuring and impairment charges ⁽⁵⁾	295	(68)	227	0.13	
Excluding certain items affecting comparability	<u>\$ 5,410</u>	<u>\$ (1,382)</u>	<u>\$ 4,028</u>	<u>\$ 2.14</u>	(38) %
Six Months Ended March 30, 2019:					
As reported	\$ 10,668	\$ (2,292)	\$ 8,376	\$ 5.42	
Exclude:					
Other income ⁽⁶⁾	(4,963)	1,142	(3,821)	(2.52)	
One-time net benefit from the Tax Act	—	(34)	(34)	(0.02)	
Restructuring and impairment charges ⁽⁵⁾	662	(152)	510	0.33	
Vice Impairment	353	(81)	272	0.18	
Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs ⁽⁴⁾	105	(24)	81	0.05	
Excluding certain items affecting comparability	<u>\$ 6,825</u>	<u>\$ (1,441)</u>	<u>\$ 5,384</u>	<u>\$ 3.45</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 six-month period, intangible asset amortization was \$984 million, step-up amortization was \$423 million and amortization of intangible assets related to TFCF equity investees was \$16 million. For the prior-year period, intangible asset amortization was \$73 million and step-up amortization was \$32 million.

⁽⁵⁾ Primarily severance related to the acquisition and integration of TFCF. Charges in the prior-year period also included acceleration of equity based compensation, primarily for TFCF awards that vested upon closing the acquisition.

⁽⁶⁾ Other income in the prior-year period included a non-cash gain recognized in connection with the acquisition of a controlling interest in Hulu (\$4.9 billion) and insurance recoveries on a legal matter (\$46 million).

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

	Quarter Ended			Six Months Ended		
	March 28, 2020	March 30, 2019	Change	March 28, 2020	March 30, 2019	Change
Income from continuing operations before income taxes	\$ 1,060	\$ 7,237	(85)%	\$ 3,692	\$ 10,668	(65)%
Add:						
Corporate and unallocated shared expenses	188	279	33%	425	440	3%
Restructuring and impairment charges	145	662	78%	295	662	55%
Other income	—	(4,963)	(100)%	—	(4,963)	(100)%
Interest expense, net	300	143	>(100)%	583	206	>(100)%
Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs	723	105	>(100)%	1,423	105	>(100)%
Vice impairment ⁽¹⁾	—	353	100%	—	353	100%
Total Segment Operating Income	<u>\$ 2,416</u>	<u>\$ 3,816</u>	(37)%	<u>\$ 6,418</u>	<u>\$ 7,471</u>	(14)%

⁽¹⁾ Reflects the impairment of our investment in Vice Group Holdings, Inc.