

**Reconciliation of Non-GAAP Financial Measures
To Corresponding GAAP Financial Measures
January 2, 2021**

Free cash flow, diluted earnings per share (EPS) excluding certain items 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	
	January 2, 2021	December 28, 2019
Cash provided by operations - continuing operations	\$ 75	\$ 1,630
Cash used in investing activities - continuing operations	(732)	(1,350)
Cash provided by (used in) financing activities - continuing operations	(333)	1,117
Cash provided by (used in) operations - discontinued operations	9	(19)
Impact of exchange rates on cash, cash equivalents and restricted cash	139	41
Change in cash, cash equivalents and restricted cash	(842)	1,419
Cash, cash equivalents and restricted cash, beginning of period	17,954	5,455
Cash, cash equivalents and restricted cash, end of period	<u>\$ 17,112</u>	<u>\$ 6,874</u>

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

	Quarter Ended		
	January 2, 2021	December 28, 2019	Change
Cash provided by operations - continuing operations	\$ 75	\$ 1,630	\$ (1,555)
Investments in parks, resorts and other property	(760)	(1,338)	578
Free cash flow	<u>\$ (685)</u>	<u>\$ 292</u>	<u>\$ (977)</u>

Diluted EPS excluding certain items

The Company uses diluted EPS excluding (1) certain items affecting comparability of results from period to period and (2) amortization of TFCF and Hulu intangible assets, including purchase accounting step-up adjustments for released content, to facilitate the evaluation of the performance of the Company's operations exclusive of these items, and these adjustments reflect how senior management is evaluating segment performance.

The Company believes that providing diluted EPS exclusive of certain items impacting comparability is useful to investors, particularly where the impact of the excluded items is significant in relation to reported earnings and 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.

The Company further believes that providing diluted EPS exclusive of amortization of TFCF and Hulu intangible assets associated with the acquisition in 2019 is useful to investors because TFCF and Hulu acquisition was considerably larger than the Company's historic acquisitions with a significantly greater acquisition accounting impact.

The following table reconciles reported diluted EPS from continuing operations to diluted EPS excluding certain items for the first 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 January 2, 2021					
As reported	\$ 46	\$ (16)	\$ 30	\$ 0.02	(98) %
Exclude:					
Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs ⁽⁴⁾	617	(144)	473	0.25	
Restructuring and impairment charges ⁽⁵⁾	113	(28)	85	0.05	
Excluding certain items	<u>\$ 776</u>	<u>\$ (188)</u>	<u>\$ 588</u>	<u>\$ 0.32</u>	(79) %
Quarter Ended December 28, 2019					
As reported	\$ 2,626	\$ (458)	\$ 2,168	\$ 1.17	
Exclude:					
Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs ⁽⁴⁾	700	(162)	538	0.30	
Restructuring and impairment charges ⁽⁵⁾	150	(35)	115	0.06	
Excluding certain items	<u>\$ 3,476</u>	<u>\$ (655)</u>	<u>\$ 2,821</u>	<u>\$ 1.53</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 \$447 million, step-up amortization was \$167 million and amortization of intangible assets related to TFCF equity investees was \$3 million. For the prior-year quarter, intangible asset amortization was \$486 million, step-up amortization was \$206 million and amortization of intangible assets related to TFCF equity investees was \$8 million.

⁽⁵⁾ Charges in the current quarter were primarily due to severance costs in connection with the Company's fiscal 2021 workforce reduction plan. Charges in the prior-year quarter included severance costs related to the acquisition and integration of TFCF.

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		Change
	January 2, 2021	December 28, 2019	
Income from continuing operations before income taxes	\$ 46	\$ 2,626	(98) %
Add/(subtract):			
Corporate and unallocated shared expenses	232	237	2 %
Restructuring and impairment charges	113	150	25 %
Interest expense, net	324	283	(14) %
Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs	617	700	12 %
Total Segment Operating Income	<u>\$ 1,332</u>	<u>\$ 3,996</u>	(67) %