Reconciliation of Non-GAAP Financial Measures
To Corresponding GAAP Financial Measures
July 1, 2023

Total segment operating income, free cash flow and diluted earnings per share (EPS) excluding certain items 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.

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.

The following table reconciles income from continuing operations before income taxes to total segment operating income (in millions):

	Quarter Ended			Nine Months Ended		
	July 1, 2023	July 2, 2022	Change	July 1, 2023	July 2, 2022	Change
Income (loss) from continuing operations before income taxes	$ (134)	$ 2,119	nm	$ 3,762	$ 4,909	(23) %
Add/(subtract):						
Content License Early Termination[1]	—	—	nm	—	1,023	100 %
Corporate and unallocated shared expenses	295	325	9 %	854	825	(4) %
Restructuring and impairment charges	2,650	42	>(100) %	2,871	237	>(100) %
Other (income) expense, net	11	136	92 %	(96)	730	nm
Interest expense, net	305	360	15 %	927	1,026	10 %
Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs	432	585	26 %	1,569	1,774	12 %
Total segment operating income	$ 3,559	$ 3,567	— %	$ 9,887	$ 10,524	(6) %

(1) In February 2022, the Company terminated certain license agreements with a customer for film and television content, which was delivered in previous years, in order for the Company to use the content primarily on our direct-to-consumer services (Content License Early Termination).

Free cash flow

The Company uses free cash flow (cash provided by continuing 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	
	July 1, 2023	July 2, 2022	July 1, 2023	July 2, 2022
Cash provided by operations - continuing operations	$ 2,802	$ 1,922	$ 5,064	$ 3,478
Cash used in investing activities - continuing operations	(718)	(1,848)	(3,259)	(3,872)
Cash used in financing activities - continuing operations	(1,001)	(150)	(2,127)	(2,247)
Cash used in discontinued operations	—	—	—	(4)
Impact of exchange rates on cash, cash equivalents and restricted cash	(23)	(238)	174	(354)
Change in cash, cash equivalents and restricted cash	1,060	(314)	(148)	(2,999)
Cash, cash equivalents and restricted cash, beginning of period	10,453	13,318	11,661	16,003
Cash, cash equivalents and restricted cash, end of period	$ 11,513	$ 13,004	$ 11,513	$ 13,004

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		
	July 1, 2023	July 2, 2022	Change	July 1, 2023	July 2, 2022	Change
Cash provided by operations - continuing operations	$ 2,802	$ 1,922	$ 880	$ 5,064	$ 3,478	$ 1,586
Investments in parks, resorts and other property	(1,165)	(1,735)	570	(3,595)	(3,795)	200
Free cash flow	$ 1,637	$ 187	$ 1,450	$ 1,469	$ (317)	$ 1,786

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 the 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 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 July 1, 2023					
As reported	$ (134)	$ (19)	$ (153)	$ (0.25)	nm
Exclude:					
Restructuring and impairment charges[5]	2,650	(617)	2,033	1.10	
Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs[4]	432	(101)	331	0.18	
Other expense, net[6]	11	(5)	6	—	
Excluding certain items	$ 2,959	$ (742)	$ 2,217	$ 1.03	(6) %
Quarter Ended July 2, 2022					
As reported	$ 2,119	$ (617)	$ 1,502	$ 0.77	
Exclude:					
Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs[4]	585	(136)	449	0.24	
Other expense[6]	136	(32)	104	0.06	
Restructuring and impairment charges[5]	42	(10)	32	0.02	
Excluding certain items	$ 2,882	$ (795)	$ 2,087	$ 1.09	

(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 $361 million, step-up amortization was $68 million and amortization of intangible assets related to TFCF equity investees was $3 million. For the prior-year quarter, intangible asset amortization was $422 million, step-up amortization was $160 million and amortization of intangible assets related to TFCF equity investees was $3 million.

(5) Charges for the current quarter were related to content impairments ($2,440 million) and severance ($210 million). Charges for the prior-year quarter were primarily due to asset impairments related to exiting our businesses in Russia ($42 million).

(6) In the current quarter, other expense, net was due to a charge related to a legal ruling ($101 million), partially offset by a DraftKings gain ($90 million). For the prior-year quarter, other expense was due to a DraftKings loss ($136 million).

The following table reconciles reported diluted EPS from continuing operations to diluted EPS excluding certain items for the current and prior-year nine-month periods:

(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 July 1, 2023:					
As reported	$ 3,762	$ (1,066)	$ 2,696	$ 1.14	(31) %
Exclude:					
Restructuring and impairment charges[6]	2,871	(660)	2,211	1.20	
Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs[4]	1,569	(365)	1,204	0.65	
Other income, net[5]	(96)	13	(83)	(0.05)	
Excluding certain items	$ 8,106	$ (2,078)	$ 6,028	$ 2.94	(9) %
Nine Months Ended July 2, 2022:					
As reported	$ 4,909	$ (1,610)	$ 3,299	$ 1.66	
Exclude:					
Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs[4]	1,774	(413)	1,361	0.73	
Content License Early Termination	1,023	(238)	785	0.43	
Other expense, net[5]	730	(170)	560	0.31	
Restructuring and impairment charges[6]	237	(55)	182	0.10	
Excluding certain items	$ 8,673	$ (2,486)	$ 6,187	$ 3.22	

(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 period, intangible asset amortization was $1,186 million, step-up amortization was $374 million and amortization of intangible assets related to TFCF equity investees was $9 million. For the prior-year period, intangible asset amortization was $1,292 million, step-up amortization was $473 million and amortization of intangible assets related to TFCF equity investees was $9 million.

(5) For the current period, other income, net was due to a DraftKings gain ($169 million) and a gain on the sale of a business ($28 million), partially offset by a charge related to a legal ruling ($101 million). For the prior-year period, other expense, net was due to a DraftKings loss ($726 million).

(6) Charges for the current period related to content impairments, severance and exiting our businesses in Russia. Charges for the prior-year period were due to the impairment of an intangible and other assets related to exiting our businesses in Russia.