Q3 FY 2024 Earnings – Executive Commentary

August 7, 2024

Please view these remarks in conjunction with our Q3 FY 2024 earnings release and Q3 FY 2024 Form 10-Q that can be found on our website at https://thewaltdisneycompany.com/investor-relations/.

We also invite you to listen to today's live question and answer session with Bob Iger (Chief Executive Officer) and Hugh Johnston (Sr. Executive Vice President and Chief Financial Officer) at 8:30 am Eastern Time. The webcast will be available at https://thewaltdisneycompany.com/disneys-q3-fy24-earnings-results-webcast/.

FORWARD-LOOKING STATEMENTS

Certain statements in these remarks may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our expectations, beliefs, plans, financial prospects, trends or outlook and guidance; financial or performance estimates and expectations (including estimated or expected revenues, earnings, operating income, and margins) and expected drivers; business plans and opportunities; future programming and production costs, capital expenditures and investments, including opportunities for growth and expansion; plans, expectations or drivers, as applicable, for DTC streaming services profitability, growth, product acceptance and enhancements, changes to subscription offerings and margins; anticipated demand and drivers, timing, availability or nature of our offerings (including experiences and business openings, content within our products and services and content releases and distribution channel); consumer sentiment, behavior or demand; cost reductions and available efficiencies; strategies and strategic priorities and opportunities; expected benefits of new initiatives, including those subject to approvals or other conditions; value of our intellectual property, content offerings, businesses and assets; estimates of the financial impact of certain items, events or circumstances; and other statements that are not historical in nature. Any information that is not historical in nature is subject to change. These statements are made on the basis of management's views and assumptions regarding future events and business performance as of the time the statements are made. The Company does not undertake any obligation to update these statements.

Actual results may differ materially from those expressed or implied. Such differences may result from actions taken by the Company, including restructuring or strategic initiatives (including capital investments, asset acquisitions or dispositions, new or expanded business lines or cessation of certain operations), our execution of our business plans (including the content we create and IP we invest in, our pricing decisions, our cost structure and our management and other personnel decisions), our ability to quickly execute on cost rationalization while preserving revenue, the discovery of additional information or other business decisions, as well as from developments beyond the Company's control, including:

- the occurrence of subsequent events;
- deterioration in domestic and global economic conditions or a failure of conditions to improve as anticipated;
- deterioration in or pressures from competitive conditions, including competition to create or acquire content, competition for talent and competition for advertising revenue;
- consumer preferences and acceptance of our content, offerings, pricing model and price increases, and corresponding subscriber additions and churn, and the market for advertising sales on our DTC streaming services and linear networks;
- health concerns and their impact on our businesses and productions;
- international, political or military developments;
- regulatory and legal developments;
- technological developments;
- labor markets and activities, including work stoppages;
- adverse weather conditions or natural disasters; and
- availability of content.

Such developments may further affect entertainment, travel and leisure businesses generally and may, among other things, affect (or further affect, as applicable):

- our operations, business plans or profitability, including direct-to-consumer profitability;
- demand for our products and services;
- the performance of the Company's content;
- our ability to create or obtain desirable content at or under the value we assign the content;
- the advertising market for programming;
- taxation; and
- performance of some or all Company businesses either directly or through their impact on those who distribute our products.

Additional factors are set forth in the Company's Annual Report on Form 10-K for the year ended September 30, 2023, including under the captions "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Business," quarterly reports on Form 10-Q, including under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," and subsequent filings with the Securities and Exchange Commission. The terms "Company," "company," "Disney," "we," and "our" are used above and in these remarks to refer collectively to the parent company and the subsidiaries through which our various businesses are actually conducted.

COMMENTARY FROM CEO AND CFO

From movies to television, sports to news, theme parks to consumer products, Disney has an unmatched portfolio of businesses. Individually, each one of these businesses is at the top of their industry, but what makes Disney distinct is the way these businesses work seamlessly together to generate value. Our performance in Q3 demonstrates the strength of this complementary and balanced portfolio, as strength in our Entertainment segment and ESPN offset softer performance in our Experiences segment. We've continued to reinforce this balanced portfolio as we deliver on our four strategic priorities:

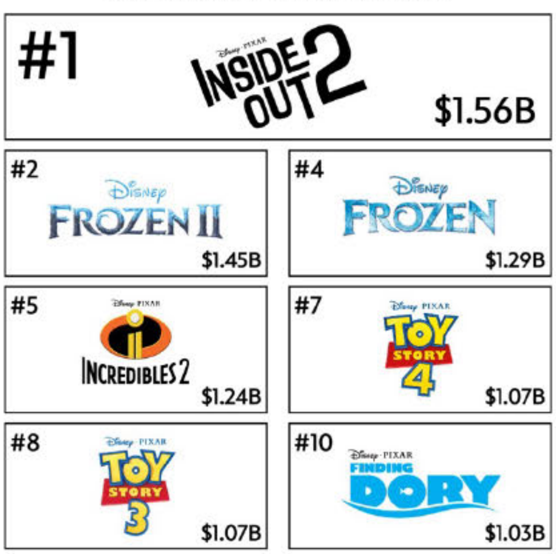
- Reinvigorating our film studios
- Building streaming into a profitable growth business
- Transitioning ESPN into the preeminent digital sports platform
- Turbocharging long-term growth in our Experiences businesses

Today, we'd like to provide a progress update on these four priorities.

FILM & TELEVISION

First, the recent success of our films demonstrates the renewed creative strength of our Studios, with the release of Pixar's *Inside Out 2*, Marvel's *Deadpool & Wolverine*, and 20th Century Studios' *Kingdom of the Planet of the Apes* earning a collective $2.8 billion at the global box office. We have released the number one titles in May, June, and July as our focus on improving quality has yielded tremendous success. *Inside Out 2* has grossed more than $1.5 billion globally, making it the highest-grossing animated film ever, and among the top ten biggest movies of all time.

Disney has 7 of the top 10
highest-grossing animated films of all time



Note: Based on global box office in USD as of August 5, 2024, not adjusted for inflation.

Deadpool & Wolverine opened to an incredible $444 million globally, making it the biggest opening weekend for an R-rated film ever, and it has grossed more than $850 million globally in less than two weeks. This gives Disney five of the top six opening weekends of all time. In fact, since 2005 Disney has released more films that have earned $1 billion or more (27) than the rest of the entertainment industry combined (22), an unmistakable testament to the power of our studios and IP.

Looking to our upcoming theatrical slate, we are excited to bring audiences a number of titles that expand on our popular franchises and bring these stories to life in imaginative new ways. Later in the year, we have the highly anticipated release of

Moana 2 as well as *Mufasa: The Lion King.* In 2025, our theatrical slate remains just as robust, with *Captain America: Brave New World*, *Thunderbolts**, *The Fantastic Four: First Steps*, *Zootopia 2*, and *Avatar 3.* And in 2026, we're looking forward to *Avengers: Doomsday,* a new Star Wars movie featuring the Mandalorian and Grogu, and *Toy Story 5* – the first Toy Story movie since 2019.

These recent successes clearly have a positive impact on our results, but that alone understates their importance. Our powerful franchises have a multiplier effect across our entire company, providing benefits to our theme parks, cruises, consumer products, and our streaming businesses.

For example, in the lead-up to and following the theatrical release of *Inside Out 2*, millions of viewers turned to Disney+ to watch the original *Inside Out* film from 2015, driving over 1.3 million Disney+ sign-ups and generating over 100 million views of the original film globally since the first *Inside Out 2* teaser trailer dropped. With the release of *Deadpool & Wolverine* we've seen heightened viewership with the original Deadpool films, and we expect similar engagement with the upcoming releases of *Moana 2* and *Mufasa: The Lion King*. The theatrical success of our franchises, which contributes to our growth and improved financial performance in streaming, should also positively impact churn and engagement.

Across streaming and linear, our branded series and general entertainment programming continue to perform exceptionally well, resonating with both audiences and critics alike. The Walt Disney Company earned 183 nominations for this year's Primetime Emmy Awards – a record number for Disney and more than any other company.

- We have the top three most-nominated shows this year, starting with FX's *Shōgun,* which received 26 nominations
- FX's *The Bear* swept its categories with 23 nominations, breaking the TV Academy's record for most Comedy Series nominations
- Hulu Originals and 20th Television's *Only Murders in the Building* broke a show record, securing 21 nominations, including Outstanding Comedy Series
- ABC received 38 nominations, including nine nominations for 20th Television's *Abbott Elementary*, the most the comedy has ever received

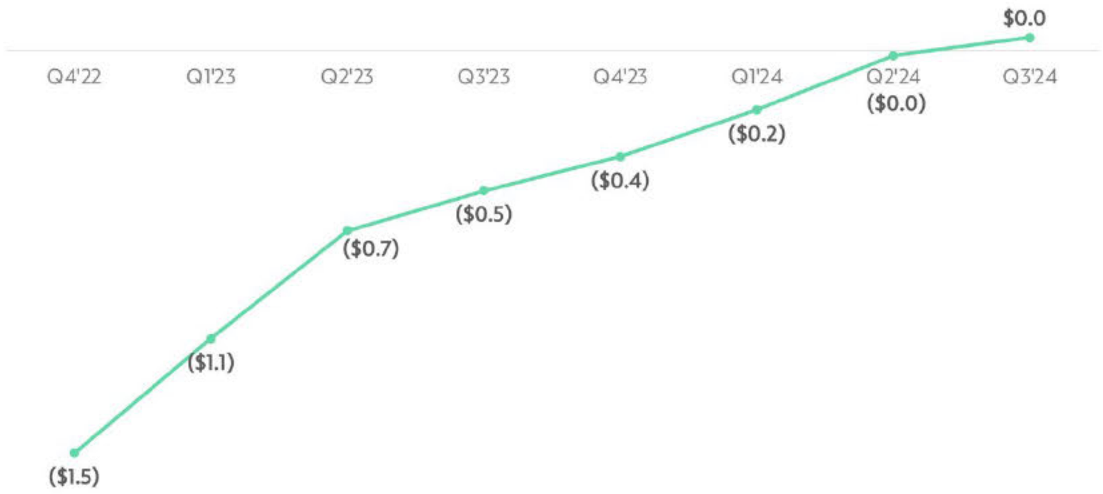
Our multi-platform approach to streaming and linear allows us to seamlessly deliver high quality entertainment to consumers across a range of demographics. Through our extensive portfolio, our content generates more U.S. viewership in the living room than any other media company, with approximately 11% of total TV viewing in June according to Nielsen[1]. Our consumption mix is also nearly equal across linear and streaming. And during this pivotal time, ABC News just received more Emmy nominations than any other broadcast news network and continues to be #1 in the country with the most respected journalists in the business.

[1] Source: Nielsen; total TV viewing is a mix of broadcast, cable, and streaming from viewing on television screens in the U.S.

STREAMING

The combination of exceptional content and a broad brand portfolio is the key to our success as we build streaming into a profitable growth business for the company over the long term. We were pleased to see our combined streaming businesses[2] profitable in the third quarter ahead of our guidance, and we remain on track for that profitability to improve in Q4.

Combined DTC Streaming Businesses Operating Income (Loss)[2]
in Billions



Offering viewers a more unified streaming experience is one of the ways we expect to enhance the Disney+ product quality. This includes the successful integration of Hulu content on Disney+, which established a completely unified user experience for bundled subscribers, all intended to increase engagement and reduce churn – and we are also planning to introduce an ESPN tile later this year. Another step is our recently announced introduction of playlists to Disney+. Beginning September 4, subscribers in the U.S. will be able to access ABC News Live and a playlist focused on preschool content, followed by four additional curated feeds for Premium subscribers designed to appeal to their favorite interests. As we continue to invest in and improve our recommendation engine technology, we plan to expand this feature over time to include additional programmed playlists. These efforts are all part of our commitment to offer an unrivaled streaming experience that delivers greater value for subscribers as well as supports our goal of driving higher margins and improved returns on our content investments.

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[2] DTC streaming businesses operating income (loss) is not a financial measure defined by GAAP. The most comparable GAAP measures are segment operating income for the Entertainment segment and Sports segment. See the discussion on pages 12 through 14 for how we define and calculate this measure and a reconciliation of it to the most directly comparable GAAP measures.

We continue to invest in our streaming technology to deliver an unparalleled experience, including for advertisers with the best advertiser technology in the streaming business globally. Last week, we shared our strong upfront results, with overall revenue up 5% driven by sports and streaming. More than 40% of total upfront dollars committed this year are addressable, inclusive of streaming and digital, and we also introduced a Disney Streaming Entertainment (DSE) ad offering, which matches advertising opportunities with impressions that are served across our family of streaming apps, maximizing supply against premium audiences and outcomes.

SPORTS

Sports is an important value creator for the company, and we remain focused on leveraging ESPN's enduring success as we continue ESPN's evolution into the preeminent digital sports platform. ESPN was the #1 cable network for adults 18-49 in total day audience for the 13th consecutive quarter, and it had the most watched Q3 in primetime in a decade among adults 18-49. Overall, our company was responsible for 46% of total sports viewing minutes among adults 18-49 in Q3. This was driven by a number of key ratings wins, including:

- This year's NBA Finals averaged a 49% share among P18-34 viewers, the highest audience share for these games in over 20 years
- The WNBA Draft (2.4M viewers) shattered viewership records with the audience up 307% from the prior all-time high in 2004
- This WNBA season has already featured the 6 most watched WNBA games ever on ESPN platforms, and through 20 games, the WNBA on ESPN Networks is averaging 1.3M viewers, up 183% vs. 2023's full regular season average
- Men's College World Series Finals (2.8M viewers) and full World Series (1.6M) were the 2nd most watched ever on ESPN platforms
- Women's College World Series Finals (2.0M viewers) drew the largest WCWS Finals audience on record
- NHL Playoffs on ESPN finished up 60% across all games (vs. TNT in 2023). Stanley Cup Final was up 58% YoY and included the most watched NHL game (Game 7, 7.7M viewers) since 2019

Our strategy at ESPN has long prioritized giving sports fans increased options for how they consume content, and we are taking a number of steps to deliver on this commitment. First is the Venu Sports joint venture, bringing together sports content from ESPN, FOX, and Warner Bros. Discovery across our channels, including all the major professional sports leagues and college sports. In December we will launch an ESPN tile on Disney+, which will serve as another access point for our sports content and allow for greater audience expansion. We see this as a first step to bringing ESPN to Disney+ viewers, and we also continue to ready the launch of our enhanced stand-alone ESPN flagship streaming service in the fall of 2025.

In addition to innovative digital features such as fantasy sports, enhanced statistics, betting, and e-commerce, subscribers to this new flagship service will be able to see ESPN's full package of sports programming, including NBA and WNBA live events and programming – a key component of our recently announced 11-year rights extension with the NBA and WNBA. ESPN will maintain the NBA's "A" package of games, which makes us home to the next 12 NBA Finals, one of two Conference Finals series over the next 11 years, and more. Our full NBA and WNBA live event packages will ultimately be available across our networks and digital platforms, including via our MVPD partners, on our flagship service, and Venu.

Additionally, we will distribute NBA games on ESPN-branded platforms in several international markets, including Latin America, sub-Saharan Africa, Oceania, and the Netherlands, as well as via Disney+ in select markets in Asia and Europe. With interest in the NBA growing significantly across the globe, in part because of the growth in international player representation across NBA teams, we look forward to presenting NBA games, including the Finals, in many markets around the world.

EXPERIENCES

At our industry-leading Experiences segment, we continue to make progress on new strategic initiatives to deepen our relationship with our fans, create innovative and immersive experiences, and turbocharge long-term growth. Despite recent economic uncertainty that is impacting consumers, we remain confident about the long-term opportunities before us. Our Experiences portfolio is increasingly diversified, with more balanced contributions to segment operating income compared to pre-pandemic. We continue to significantly outperform pre-pandemic levels, with both segment revenue and operating income in Q3 FY24 exceeding Q3 FY19 levels by nearly 30%[3]. We have an incredibly experienced management team at the helm who have successfully navigated our business through a myriad of operating environments, and our recent investments in technology and data analytics enable us to better manage fluctuations in guest demand while also continuing to prioritize the guest experience.

We continue to expand our U.S. and international offerings, both on land and at sea, with new experiences and attractions that will increase capacity. At Disneyland Resort, the Anaheim City Council recently gave final approval to our DisneylandForward initiative – the first step in our expansion plans at Walt's original theme park. Our Cruise Line will debut the Disney *Treasure* and Disney *Adventure* in FY25 and the Disney *Destiny* in FY26. The Disney *Adventure* will be based out of Singapore, and we also recently announced an agreement with the Oriental Land Company to bring our Cruise Line to Japan, further expanding our Experiences segment across Asia.

We are reaching consumers in innovative new ways – such as working with Epic Games to bring together Disney's beloved brands and franchises with the hugely popular Fortnite in a transformational new games and entertainment universe. Disney's licensing games business is the

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[3] Comparison to Q3 FY19 based on revenue and operating income as reported for the Parks, Experiences and Products segment for that quarter.

largest in the world, and through our collaboration with Epic Games, we are leaning into this area even more, capitalizing on a transformative industry-wide shift toward converged gaming ecosystems.

This weekend, we will gather in Anaheim for D23: The Ultimate Disney Fan Event, where we will showcase more of the many exciting things we have in store from across the company, including upcoming attractions and experiences. No one else but Disney could bring together tens of thousands of fans from around the world for an event like D23, because no one else has such a unique and powerful connection with fans built on 100 years of storytelling excellence and unparalleled innovation.

Core to that century of success is the dynamic way we leverage our world-class creativity across multiple business and revenue streams to fuel long-term value. The unmatched creative power of our film and television studios, the wide appeal of our brands and franchises, and the innovative ways we bring our stories to life in our theme parks and experiences is distinctly Disney in a world of entertainment that is crowded with choices. We are confident in our ability to continue driving earnings growth through unique and powerful assets that complement one another and collectively enable the company to perform. Our progress in the quarter is a result of the strength of this portfolio, which best positions us to achieve even greater success over the long term.

FINANCIAL REVIEW AND OUTLOOK

Our consolidated financial performance was strong this quarter. In the fiscal third quarter of 2024 versus the prior year, revenue grew 4%, total segment operating income[4] grew 19%, and diluted earnings per share excluding certain items[4] grew 35%. Our focus on executing our strategic priorities, tightly managing costs, and leveraging our balanced portfolio enabled us to deliver these strong overall results despite a softer consumer environment, and as a result we now expect EPS excluding certain items for the full year FY24 to increase by approximately 30% from the prior year, versus by more than 25% previously.

We also continue to focus on driving incremental cost savings above and beyond our previously stated target as we deliver on our strategic priorities.

[4] Total segment operating income and diluted EPS excluding certain items are non-GAAP financial measures. The most comparable GAAP measures are income (loss) before income taxes and diluted EPS, respectively. See the discussion on pages 12 through 14 for how we define and calculate these measures and a quantitative reconciliation of measures thereof to the most directly comparable GAAP measures.

ENTERTAINMENT

Entertainment segment operating income nearly tripled year over year in Q3, due to significantly improved results at both Direct-to-Consumer and Content Sales/Licensing and Other.

Results at Entertainment Direct-to-Consumer were stronger than we anticipated this quarter, improving year over year by nearly $500 million to a modest loss of $19 million driven by growth in subscription and advertising revenue in addition to strong cost management. As noted in the last earnings call, results in the third quarter reflect streaming rights costs for ICC at Disney+ Hotstar.

This better-than-expected performance, combined with our profitable results at ESPN+, resulted in positive profitability at our combined DTC streaming businesses[5] for the first time and one quarter ahead of our previous guidance of achieving profitability in Q4.

Advertising revenue at Entertainment Direct-to-Consumer increased by 20% versus the prior year, reflecting growth across Disney+ Hotstar, Disney+ Core, and Hulu. In Q3, our number of domestic streaming advertisers grew by more than 20% versus prior year, largely driven by automation, while programmatic revenue growth increased by over 80%.

Disney+ Core subscribers grew more than expected, with approximately 700K net adds in the third quarter. In Q4, we expect Disney+ Core subscribers to grow modestly.

We expect Entertainment Direct-to-Consumer to be profitable in Q4 and continue to feel optimistic about the trajectory for this business, with multiple building blocks for improving margins over the coming years, including but not limited to:

- Increasing pricing this fall to further align with the value we are providing to consumers
- Product updates and features designed to increase engagement and reduce churn, including playlists, the ESPN tile on Disney+, and improving our recommendation engine with technology enhancements
- Continuing to grow our subscriber base, including by operationalizing paid sharing

Content Sales/Licensing and Other results improved by over $350 million versus the prior year, well above our guidance, primarily due to the performance of *Inside Out 2*. At Content Sales/Licensing and Other, we expect profitability in Q4 to look roughly similar to Q3, and we expect profitability for the full fiscal year 2024.

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[5] DTC streaming businesses operating income (loss) is not a financial measure defined by GAAP. The most comparable GAAP measures are segment operating income for the Entertainment segment and Sports segment. See the discussion on pages 12 through 14 for how we define and calculate this measure and a reconciliation of it to the most directly comparable GAAP measures.

SPORTS

ESPN operating income grew by 4%, while Star India results were lower versus the prior year driven by the timing of ICC linear rights costs, resulting in Sports segment operating income declining by 6% in Q3.

Key financial highlights from the quarter at ESPN include domestic advertising revenue increasing by 17% year over year and ESPN+ generating positive results and contributing toward the profitability of our combined streaming businesses[6] in Q3. We expect ESPN+ to be profitable in Q4 as well.

EXPERIENCES

Experiences revenue grew 2% year over year, while segment operating income came in short of our prior guidance, declining by 3% in the third quarter. Segment revenue growth was impacted by moderation of consumer demand towards the end of the third quarter that exceeded our previous expectations. Despite this demand dynamic, other parts of the portfolio delivered improved results versus the prior year, including Disney Cruise Line, Consumer Products, and some of our international sites. While results at Domestic Parks decreased modestly in the quarter, attendance was comparable year over year and per capita spending was slightly up.

We expect that the demand moderation we saw in our domestic businesses in Q3 could impact the next few quarters. While we are actively monitoring attendance and guest spending and aggressively managing our cost base, we expect Q4 Experiences segment operating income to decline by mid-single digits versus the prior year, reflecting these underlying demand dynamics as well as impacts at Disneyland Paris from a reduction in normal consumer travel due to the Olympics, and some cyclical softening in China.

So far this quarter, we continue to see strong demand at Disney Cruise Line, although results in fiscal Q4 will reflect pre-launch expenses for the Disney *Adventure* and Disney *Treasure*.

We continue to manage our diversified Experiences portfolio with a focus on making disciplined investments, managing operating expenses, and executing our long-term strategy to drive attractive and sustainable returns. Our investment in technology provides operational flexibility to manage the business through demand cycles, enabling us to optimize attendance and manage costs in real time. And despite near-term challenges, we expect this segment to continue to drive meaningful earnings and cash flow growth over the long term.

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[6] DTC streaming businesses operating income (loss) is not a financial measure defined by GAAP. The most comparable GAAP measures are segment operating income for the Entertainment segment and Sports segment. See the discussion on pages 12 through 14 for how we define and calculate this measure and a reconciliation of it to the most directly comparable GAAP measures.

CONCLUSION

As we look to the future, we remain optimistic in our ability to deliver sustainable long-term growth and profitability across our four strategic priorities, and we look forward to continuing to keep you updated with our progress.

Bob Iger
Chief Executive Officer

Hugh Johnston
Senior Executive Vice President and Chief Financial Officer

NON-GAAP FINANCIAL MEASURES

This executive commentary includes diluted EPS excluding certain items, total segment operating income and DTC streaming businesses operating income (loss), which are important financial measures for the Company, but are not financial measures defined by GAAP. The most comparable GAAP measures are diluted EPS, income (loss) before income taxes and Entertainment and Sports segment operating income (loss), respectively.

These measures should be reviewed in conjunction with the most comparable GAAP financial measures and are not presented as alternative measures of diluted EPS, income (loss) before income taxes or Entertainment segment and Sports segment operating income (loss), as determined in accordance with GAAP. Diluted EPS excluding certain items, total segment operating income and DTC streaming businesses operating income (loss) as we have calculated them may not be comparable to similarly titled measures reported by other companies.

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.

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 (the sum of segment operating income from all of the Company's segments) 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 other factors that affect reported results.

DTC streaming businesses operating income (loss)

DTC streaming businesses operating income (loss) is calculated as Direct-to-Consumer operating income (loss) at the Entertainment segment plus ESPN+ operating income (loss) at the Sports segment. The Company uses combined DTC streaming businesses operating income (loss) because it believes that this measure allows investors to evaluate the performance of its portfolio of streaming businesses and track progress against the Company's goal of reaching profitability at its combined streaming businesses.

Diluted EPS excluding certain items

The following table reconciles reported diluted EPS 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 June 29, 2024					
As reported	$3,093	($251)	$2,842	$1.43	n/m
Exclude:					
Income tax reserve adjustments[4]	—	(418)	(418)	(0.23)	
Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs[6]	397	(93)	304	0.16	
Other expense[7]	65	(11)	54	0.03	
Excluding certain items	**$3,555**	**($773)**	**$2,782**	**$1.39**	**35%**
Quarter Ended July 1, 2023					
As reported	($134)	($19)	($153)	($0.25)	
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[6]	432	(101)	331	0.18	
Other expense, net[7]	11	(5)	6	—	
Excluding certain items	**$2,959**	**($742)**	**$2,217**	**$1.03**	

(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) In the current quarter, the Company recognized a $418 million tax benefit related to prior years' tax matters.

(5) Reflects the Content Impairment ($2,440 million) and severance ($210 million).

(6) For the current quarter, intangible asset amortization was $326 million, step-up amortization was $68 million and amortization of intangible assets related to a TFCF equity investee was $3 million. For the prior-year quarter, intangible asset amortization was $361 million, step-up amortization was $68 million and amortization of intangible assets related to a TFCF equity investee was $3 million.

(7) For the current quarter, other expense was due to a charge for a legal ruling ($65 million). For the prior-year quarter, other expense, net was due to a charge related to a legal ruling ($101 million), largely offset by the DraftKings Gain ($90 million).

Total segment operating income

The following table reconciles income (loss) before income taxes to total segment operating income:

($ in millions)	Quarter Ended		
	June 29, 2024	July 1, 2023	Change
Income (loss) before income taxes	$3,093	($134)	nm
Add:			
Corporate and unallocated shared expenses	328	295	(11%)
Restructuring and impairment charges	—	2,650	100%
Other expense, net	65	11	>(100%)
Interest expense, net	342	305	(12%)
Amortization of TFCF and Hulu intangible assets and fair value step-up on film and television costs	397	432	8 %
Total segment operating income	**$4,225**	**$3,559**	**19 %**

DTC streaming businesses

The following tables reconcile Entertainment and Sports segment operating income (loss) to the DTC streaming businesses operating income (loss):

($ in millions)	Quarter Ended					
	October 1, 2022			December 31, 2022		
	Entertainment	Sports	DTC Streaming Businesses	Entertainment	Sports	DTC Streaming Businesses
Linear Networks	$806	$929		$1,330	($95)	
DTC streaming businesses (Direct-to-Consumer and ESPN+ businesses)	(1,406)	(66)	($1,472)	(984)	(69)	($1,053)
Content Sales/Licensing and Other	(8)	—		(1)	—	
Segment operating income (loss)	**($608)**	**$863**		**$345**	**($164)**	

	Quarter Ended					
	April 1, 2023			July 1, 2023		
	Entertainment	Sports	DTC Streaming Businesses	Entertainment	Sports	DTC Streaming Businesses
Linear Networks	$959	$866		$1,025	$861	
DTC streaming businesses (Direct-to-Consumer and ESPN+ businesses)	(587)	(72)	($659)	(505)	(7)	($512)
Content Sales/Licensing and Other	83	—		(112)	—	
Segment operating income	**$455**	**$794**		**$408**	**$854**	

	Quarter Ended					
	September 30, 2023			December 30, 2023		
	Entertainment	Sports	DTC Streaming Businesses	Entertainment	Sports	DTC Streaming Businesses
Linear Networks	$805	$948		$1,236	($25)	
DTC streaming businesses (Direct-to-Consumer and ESPN+ businesses)	(420)	33	($387)	(138)	(78)	($216)
Content Sales/Licensing and Other	(149)	—		(224)	—	
Segment operating income (loss)	**$236**	**$981**		**$874**	**($103)**	

	Quarter Ended					
	March 30, 2024			June 29, 2024		
	Entertainment	Sports	DTC Streaming Businesses	Entertainment	Sports	DTC Streaming Businesses
Linear Networks	$752	$843		$966	$736	
DTC streaming businesses (Direct-to-Consumer and ESPN+ businesses)	47	(65)	($18)	(19)	66	$47
Content Sales/Licensing and Other	(18)	—		254	—	
Segment operating income	**$781**	**$778**		**$1,201**	**$802**	