THOMSON REUTERS STREETEVENTS

EDITED TRANSCRIPT

CMCSA - Comcast Corp at Guggenheim TMT Symposium

EVENT DATE/TIME: JUNE 14, 2016 / 8:00PM GMT

THOMSON REUTERS

CORPORATE PARTICIPANTS

Steve Burke *Comcast Corporation - Senior EVP and CEO, NBCUniversal*

CONFERENCE CALL PARTICIPANTS

Alan Schwartz *Guggenheim Securities - Executive Chairman*

PRESENTATION

Alan Schwartz - *Guggenheim Securities - Executive Chairman*

All right, we ready to go? Packed crowd for Steve Burke, my buddy. Steve, it's been a long time since we did one of these and you know the amazing part about of that is we don't look any older. How is that?

Steve Burke - *Comcast Corporation - Senior EVP and CEO, NBCUniversal*

Speak for yourself.

Alan Schwartz - *Guggenheim Securities - Executive Chairman*

So now I'm going to say, under the disclosure rules, that's the last piece of fiction that's going to come today. Now we're going to start talking the truth. Thanks for doing this, Steve.

I want to just start out going back, because you haven't done this a lot. When Comcast -- when you guys decided to buy NBCUniversal that was going sort against the tide a little bit, because you were seeing separations of distribution and content and saying they really didn't belong together. But you guys were sailing in.

Let's -- what was your -- what was the concept you had? What was the vision you had for what acquiring -- what you would be able to do with those assets? Let's talk about what you saw then and where you think you are today?

And why don't we separate that into the two pieces? Let's start with the Universal and the studios part and then we will move on to the network part.

Steve Burke - *Comcast Corporation - Senior EVP and CEO, NBCUniversal*

We talked to General Electric maybe 10 times over the course of 10 years about buying NBCUniversal. In the beginning it was just NBC and then when NBC and Universal came together we kept talking. And in 2009 we knocked on the door and they answered and said we would be prepared to sell control and eventually all of NBCUniversal to you. It took us 14 months to get the deal approved, so we actually closed a little over five years ago, five years and three months ago.

We have always thought that distribution and content worked well together. We've always thought that scale matters and the ability to have a large company that is well diversified, that has content and distribution was a good idea.

So we bought in two tranches. We got 51% control and then had a seven-year period to buy the other 49%; ended up accelerating it and bought the other 49% in two years. But what we bought had about $3.2 billion of operating cash flow and we paid $26 billion when you look at the whole deal.

This past year our operating cash flow was about $7 billion, so we have essentially had it double. It's not quite fair because we bought -- we now own 51% of a theme park in Japan. But even if you take that out, we essentially doubled cash flow in 5 years and probably created -- we probably tripled the value of the Company in those 5.5 years.

And the great news -- it's a very complicated company. We're actually in 22 different businesses, if you look at all the different piece-parts of NBCUniversal. Everything from theme parks to broadcast, Spanish-language broadcast, cable channels, big movie studio, regional sports, news, etc. But if you look at the 22 businesses, virtually every single one is up significantly and some of the businesses -- the way life works, some of the businesses that we thought kind of came with the deal, like theme parks and even, to a degree, NBC -- our primary attraction was the cable channels -- have turned out to be much better businesses than we predicted. So we feel like we came in at the right time.

I do -- I continue to believe that content and distribution work beautifully together. You have to manage the Company a certain way. We have always believed that if you -- we are big believers in decentralization, but we also believe that if there's a priority for the Company that everybody in the Company needs to get together and work together.

And that's not always the case in media companies. In some media companies, the hardest people to deal with are other parts of your own company. We don't operate that way. We don't tolerate that.

So when we come out with a big film like Despicable Me or Secret Life of Pets, which we are coming out with in about a month, every single part of the Company promotes it. It's promoted on 10 different cable channels. It's promoted on the NBC Network. It will be promoted in 20 million Comcast homes as well.

So when we look at it, we feel like we have a great hand. I often say, if you were going to create the perfect media company, we feel like it would look a lot like NBCUniversal and Comcast. And we try really hard to make sure that we use that scale by getting everybody to work together so that we have a marginally better chance -- it's not hugely better, but a better chance -- to make a movie a success or a television show to make a success.

In the last five years, NBC has gone from fourth place to first place. We were in fourth place for seven years in a row when we showed up and we had people say, you're so far behind. You're -- very hard when you've been behind that much for so long.

We came in first 18 to 49 two years ago, first last year; we will be first this year. Universal Studios, the motion picture group, had the number one year at the box office of any studio. Movie business been around 100 years last year.

We were the first company to have three films do over $1 billion worldwide and we set the worldwide box office record, which Disney will probably beat this year, but we set it last year. And the studio made over $1 billion for the first time ever.

Theme parks when we came were making $400 million a year. We put a lot of capital in them, but it's always been free cash flow positive. We are now over $2 billion, so we've gone from $400 million to $2 billion. So we found lots of opportunity and there's a lot more opportunity to come.

And, with 2020 hindsight, we made a great deal. We didn't know it was that great then. 2009, the world looked very different and we didn't predict that advertising would rebound the way it has, but it has been a great deal and a lot of fun.

Alan Schwartz - *Guggenheim Securities - Executive Chairman*

You touched on a couple things from the original vision, what changed. One of them that hit me was the theme parks and the studio. As you were coming in that wasn't so clearly a great set of assets to have them together, but Disney was kind of embarking on the whole franchise film and then parks and consumer products. And they raised the game of what kind of returns one could get out of the studio business, much more so than anybody thought the studio business was worth.

Then you found with this Universal it seems like all of a sudden you say, hey, wait a minute; maybe we got a bigger opportunity than we thought. Now if we fast-forward, you've just done DWA, which seems to me to be part of a strategy to exploit that benefit that one has, if you have theme parks and consumer products and the studio, to create franchises. So can you talk about that as your game plan and where DWA fits into that?

Steve Burke - *Comcast Corporation - Senior EVP and CEO, NBCUniversal*

Disney does a lot of things very well and the amount of intellectual property they have and what they do with that intellectual property really makes their film business and their brand management different than anything else in the entertainment business. And of the six big entertainment companies there's only two that have theme parks, ourselves and Disney. Really the model is very simple: try to get big franchises and then build a large consumer products organization and consumer products business.

By the way, the consumer products business at Universal 5.5 years ago was nonexistent. Really didn't exist, so the first thing we had to do was start to create franchises. At the time we got there, there was only one, Fast & Furious, and now we have eight. We have resurrected some franchises and created some new ones.

We have a wonderful animation business called Illumination, run by Chris Meledandri, and he has two spectacular films that are coming out: Secret Life of Pets, which is the story of what your pets do when you go to work, and then at Christmas time he's got an animated movie called Sing, which is a little bit like American Idol with different animals trying out for American Idol, that is fantastic. And then we have built -- we probably have 200 people now in our consumer products business, on its way to 300 or 400, and a couple hundred million dollars of operating income.

Then we are very consciously putting that IP into our theme parks. So Despicable Me is in both of our US parks. We are doing -- we have started a Pets attraction even before the film comes out, which if the film doesn't do as well as I think, it will be painful. But I think it will do very well.

And then we're doing a Tonight Show with Jimmy Fallon attraction, which should be really fun, opening next year in Orlando. It's that virtuous cycle; and in a way it takes the low single-digit returns of the movie business and moves it into a different type of business. Now it's not easy to create these franchises, but if you are lucky enough to create them and then you can support them through consumer products and in theme parks, it can take you into a different category.

Alan Schwartz - *Guggenheim Securities - Executive Chairman*

Well, it's not easy to create them, but once you create them there's tremendous competitive advantage, right?

Now take DWA. Chris will take over responsibility for DWA, I assume.

Steve Burke - *Comcast Corporation - Senior EVP and CEO, NBCUniversal*

Creatively.

Alan Schwartz - *Guggenheim Securities - Executive Chairman*

Creatively, right.

Steve Burke - *Comcast Corporation - Senior EVP and CEO, NBCUniversal*

Like most companies, we have a list of the potential acquisitions that would make a lot of sense and one of our ideas has always been DreamWorks. If you look at the history of animated television studios, animated movie studios, no one has ever made more than two animated films a year on a consistent basis ever in the history of animation. Going all the way back to Walt Disney.

The reason why Disney is able to do two is they really have two animation studios: Pixar, which is in Northern California, and Disney Animation, which is in Southern California. We have Illumination, which in the last five years we have finally got it up to doing two a year, but we feel like we could never get a third or a fourth.

The advantage of DreamWorks Animation is we now have another studio where we can get two more animated films. DreamWorks has about $250 million worth of overhead, which is a really, really tough pot. If you have to allocate the majority of $250 million worth of overhead to two films, those films have to be spectacular to really be an engine for you.

But if you already have a marketing department, a finance department, a research department, and everything else, and you can add those two films to the existing two, and then, in success, you could put those films through consumer products and theme parks, you really have something. So we were very fortunate to be at the right place and the right time and structure a deal where -- and we did it in 13 days from beginning to end.

We paid a full price, if you look at the premium we paid, about a 50% premium, but if you look at what those films and that studio can become, it really advances our consumer products' agenda five years. We were not in the television animation business in a material way and DreamWorks has a wonderful deal with Netflix, so it advances our television animation.

And I think Chris Meledandri is a very special guy. He, I think, is creatively going to help us figure out how to resurrect Shrek and take a lot of the existing DreamWorks franchises; and then also add value as we create new franchises in the future.

And I don't think we would be as bullish about that. I know we wouldn't be as bullish about that if we hadn't had such a good experience in animation already and we weren't so hell-bent on creating consumer products and theme park properties.

Alan Schwartz - *Guggenheim Securities - Executive Chairman*

Now as you feed that whole virtuous cycle then; now you've expanded your IP. Is there opportunity for expansion? And let's take this in two parts.

On the theme park side, do you think that you can get bigger in the theme park business because you now have more property to bring through and can earn a return that others can't? And then we will turn to international.

Steve Burke - *Comcast Corporation - Senior EVP and CEO, NBCUniversal*

If you look at the theme park business, take Orlando. Traditionally, Disney has had -- if you just take Disney and Universal, traditionally Disney has had, call it, 75% market share and Universal has had 25% market share. And Universal would open a new attraction once every two or three years and market it in a modest way.

We had 2,400 hotel rooms. I think Disney has 30,000. So we looked at it and said, if a family of four goes to Disney or goes to Universal, when they come out they rate the experience at about the same. So you have two theme park experiences or two of any experiences that are rated about the same and one guy has got 75% market share, the other guy has 25%. To me that seems like a big opportunity.

So we are now opening a big attraction every year. We've opened -- we will have opened -- we are opening 1,000 -- the biggest hotel in the country that is currently under construction is ours. We will have maybe 5,200 hotel rooms, something like that, on our way to 10,000. Hotels are really important because if someone stays in your theme parks -- if someone stays in one of your hotels, they visit the theme parks an extra day. So if you can profitably operate the hotel, you make -- there's a real synergy with the theme parks.

And I think we are building attractions that are as good as anybody is building anywhere in the world. We have done Harry Potter. We did Transformers. We are about to open King Kong in Florida.

And we do it in a very, very entrepreneurial way without a lot of bureaucracy, without -- we don't do five projects and pick the best one. We pick a project, we think it through; we then give people responsibility for it.

We do a lot of outsourcing. We don't do a lot of the construction ourselves. And if you look at the last few attractions that we built, I would stack them up against anybody in the world.

What we are finding is we are growing very fast in Orlando. We have a huge opportunity in LA, where we just opened Harry Potter, and our business in LA is up. When I was at -- I worked at Disney years ago, you'd have a great attraction and your attendance would go up 3%, 4%, 5%. We have many days where, after you open Harry Potter, we are up 25% or 30%.

And then we bought 51% of Universal Studios Osaka in Japan. We control that now and we think that's got great growth opportunities. And we hope to open -- we will open a park in Beijing; hope to do that in 2020.

So it's got real, real upside. If you think of what kids today are exposed to in terms of video games and virtual reality and all sorts of technology, the kind of attractions we are building appeal to those kids.

And it is an Internet-proof business. It's a business that -- if you believe families are going to want to take vacations together 20, 30, 40, 50 years from now, it's a really good business to be in. And it's coming up on a third of the profitability of NBCUniversal, which you don't think of when you think of our companies.

And it's very predictable. My sense is over the next -- we have a 10- or 20-year runway of being aggressive and spending money and making sure that everything is great creatively and we're doing the right kind of things. But I think there's real upside.

Alan Schwartz - *Guggenheim Securities - Executive Chairman*

When you mentioned Internet-proof, it's also you can't steal the IP when it's on the ground. Just talk about China in that for a minute, because we got to get to other things.

But it seems to me that clearly, when you talk about the next five, 10, 20 years, one of the most differentiating things for companies in our industry is going to be who does well in China, and then places like that, with the growth in the middle class. But the problem is everybody has to wait until they are going to protect the intellectual property and it's sort of this chicken-and-egg problem. You would like to get your brand in front of people.

So talk about what theme parks consumer products can do, if we think about the runway going into those markets where they can't steal the IP and you can get your brand in front of people.

Steve Burke - *Comcast Corporation - Senior EVP and CEO, NBCUniversal*

Five years ago we had no employees in China, not one, nobody. We used sort of an agency relationship to release films in China and it really wasn't -- 10 years ago it wasn't important. You didn't make any money in China.

We are now routinely seeing films do more business in China than the United States. This weekend a film that we released that was majority-owned by Legendary, Warcraft, didn't do all that well in the United States; did $25 million. It did $50 million in the first day, second day, third day in China. That film will do, I don't know, 5, 10 times as much in China.

When we did Fast & Furious, we did $400 million in China, which was more than the United States. And the Chinese theatrical business is growing, call it, 30% a year, so there's no question that's going to be the most important movie market over time for anybody who's making movies.

Our sense is that we have the ability -- and we will be four years after Disney, but I think Disney has some of the same thinking. That you want to be there; you want to have feet on the ground. You want to have your characters exposed to 15 million people a year in your parks.

You want to have a sophisticated management team that uses the scale of your theme park business to make you smarter and get you more sort of rooted in that country. And that's really going to be the flag that we put in the ground.

The city of Beijing has said, well, Shanghai is Disney and Universal is Beijing. They basically cleared the land 10 years ago and made that decision 10 years ago, and it's going to really be an important part of our company. With all the turbulence and risk putting money into the ground in Beijing, the real upside is setting ourselves up for 10, 20, 30 years from now.

Alan Schwartz - *Guggenheim Securities - Executive Chairman*

Let's switch over. So that was the Universal side, which I think -- and especially the theme park side, was not something that got a lot of attention when you guys made the acquisition. In fact, I think people thought you were going to get rid of the theme parks back then.

Steve Burke - *Comcast Corporation - Senior EVP and CEO, NBCUniversal*

We valued it at zero, essentially. Blackstone owned half of Orlando. We bought them out, but because there was debt and we didn't really understand it, we didn't really think too much about it.

Alan Schwartz - *Guggenheim Securities - Executive Chairman*

That's interesting. (multiple speakers) Then we get back to the part that was -- what people thought was the main part of this, taking over the NBC part of NBCU. Let's talk about where you saw the network business then, what the outlook was for advertising-supported networks back then, how you see it today. You can talk -- you can break it to NBC and Telemundo or just talk about them all together.

Steve Burke - *Comcast Corporation - Senior EVP and CEO, NBCUniversal*

Before I went to Comcast -- immediately before I went to Comcast I was at ABC, call it, 20 years ago. And I sat in a room with a bunch of smart people, strategic planning people, who predicted that network television would cease to exist somewhere between 10 and 15 years from 20 years ago.

Here we are today. If you add up the probability of ABC, CBS, Fox, and NBC together, the network television business, if you include the O&Os and syndicated programming, is more profitable today than it was 20 years ago. And a lot of that is retransmission consent. A lot of it is the ability now for networks to produce 70%, 80% of their own programming, but it has been a surprisingly good business. And I bet if you looked at the 20 years since we sat in that room at ABC, ratings have gone down almost every one of those 20 years.

Here we are with the average network making over $1 billion, if you do network-owned stations and syndication. When we showed up, we were making closer to zero because the network was losing money.

We were -- we had closed down elements of the studio and the owned stations were doing poorly. Now the owned stations will make $450 million, $500 million in a good here; call it, $500 million in a good year. We've resurrected the studio and NBC is now doing much better.

We lost $150 million in Vancouver, I think a number like that, and we are headed to Rio in 50 days and we will make a lot of money in Rio. Rio is going to be a very profitable thing. We have a very attractive NFL deal. We have The Voice and Blindspot and Blacklist and real momentum.

I think it has been an interesting lesson; if you own a major league team, let's say you own a major league baseball team, it may not be the greatest business in the world but you know you have to put a major league team on the field. You can't cut your way into financial success in major league sports and I think broadcast is the same way.

I don't think you can cut yourself into feeling good about where you are. You have to be competitive. You have to try to be number one or number two. You have to believe that if you are number one or number two you will get a premium.

We talk a lot about the monetization gap that we found when we came. What we found was that, on a CPM basis, NBC was getting 20% less than Fox or CBS. For the same number of eyeballs we would get 20% less, and that happens when you are consistently underperforming. Once you get to be number one, you can eat away at that and we're seeing that with the upfront right now. We are having a very strong upfront.

And because if you combine broadcast with all our cable channels, we're the biggest provider of television advertising in the country, so we went first in the upfront last year. We're going first again this year. We're a little over halfway done. It's going to be a very good upfront and I think, disproportionately, be a very good upfront for us because we have the performance to back it up now.

Alan Schwartz - *Guggenheim Securities - Executive Chairman*

Part of this was branded advertising, it seems to me, has not yet totally found its way on to digital. So every year they are going to cut the budget that goes to television; it's going to go over to digital and then every year we see advertising grow.

Where do you see -- do you think it's just eventually there's a tipping point and Facebook and Google find a way to take all that? Or is there something about live television and things that branded advertisers really are going to continue to need?

Steve Burke - *Comcast Corporation - Senior EVP and CEO, NBCUniversal*

Well, I'll give you a couple of answers to that. I think -- and, by the way, we are a very big marketer. We spend over $1 billion a year marketing our films and, to a degree, our television properties, but primarily films.

If you are a marketer, you don't want to just have one way to market. You want reach; you want targetability. And so a smart marketer will say, okay, I'm going to spend a certain amount of money on network television, maybe some local television, billboard, radio, newspaper even, and a certain amount on digital. And the percentage that's digital logically should increase because the consumption of digital stuff is increasing and the targetability and the ability to use that is more and more effective.

But you can't launch -- when we launched Jurassic World, the idea of launching that digitally, forget it. You have to -- it's a big, broad thing. You have to get everybody in America, or as many people as you can, to know it's there and then you supplement that by going after people that you think might be more interested.

But same thing with a car or Budweiser. Big advertisers are not going to -- they might spend a third of their budget on digital, but they are not going to spend 100%. In fact, if you go back to the upfront last year, where a lot of advertisers held back and said I will buy in scatter, I have all these alternatives; I can play with the amount that's on digital. I think the pendulum last year swung too far towards digital and who needs network television, and it's swinging back hard this year.

Some of it is big advertisers who were disappointed with their experience with digital. Some of it is a lot of advertisers who paid huge premiums in scatter when they didn't tie down their upfront. But I think it will go back and forth and the percentage that goes to network television is not going to increase. It will decrease, but it will probably decrease gradually, while digital increases.

And by the way, we have a lot of digital businesses. We have something like 50 digital businesses throughout NBCUniversal. Our digital numbers are going up.

It's so easy in these businesses, and I've seen it time and time and time again, to see something new and say this is going to take over. In the cable business, when satellite came around, oh, cable is going to go away.

I have been at Comcast now for 18 years. We have not had a down quarter, not one down quarter in 18 years. DirecTV has come in. EchoStar has come in. AT&T has come in. Verizon has come in. These businesses are more resilient and change happens more gradually and you find new ways to make money, and I think that's what's happening with television advertising.

Television advertising, broadcast and cable television are very good businesses, very profitable businesses. They may not have the growth rates that they had 10 or 15 years ago, but I think they will grow. And they will particularly grow if they are part of a company that is aggressive and that programs well and then sells well and is tough in the marketplace. You can still grow these businesses and they are certainly not going away anytime soon.

Alan Schwartz - *Guggenheim Securities - Executive Chairman*

Let's take something you just said. The networks were going away and cable was going to get cord cutters and all those kind of things. I think I said to you one day I think it's signal cutters right now, not cord cutters, because satellite is losing subs, not cable.

But now all of the latest talk is about the bundles going away: skinny bundles, smaller bundles, all these kinds of things. And yet, I think the bundle is a pretty good value and it's very hard -- we haven't seen yet somebody put together an actual bundle that they could put enough together and get it at a low enough price to actually make much of a difference. So it seems like everybody is out on the field.

So do you see a tipping point there? Do you see skinnier bundles starting to catch on or do you see that the large bundle may start to winnow itself down a little bit? And some of the weaker networks do have to be called out, even for the strong companies like your own. But where do you see the bundle five years from now, eight years from now?

Steve Burke - *Comcast Corporation - Senior EVP and CEO, NBCUniversal*

Any of the big companies that have multiple networks don't want to sell one or two networks a la carte, because they want to make the revenue from all of them. So I don't think anybody can assemble -- it's just the way the marketplace has shaken out -- can assemble a super attractive $25, $30 bundle. And then once you get the price up to $50 or $60, you might as well get full cable.

I do think there will be a winnowing; I think there is a winnowing. There has been a winnowing for the last five years or so. The weaker channels, the channel with 150 best rating is going to be vulnerable and the channels that belong to companies that don't have big powerful channels will be vulnerable. And, by the way, we have channels that are vulnerable.

Alan Schwartz - *Guggenheim Securities - Executive Chairman*

I was going to say, even -- everybody talks about if you don't have the power, but does it start to make sense, as an NBC, to say maybe we should give up on a couple of these and really focus on the good ones?

Steve Burke - *Comcast Corporation - Senior EVP and CEO, NBCUniversal*

Yes.

Alan Schwartz - *Guggenheim Securities - Executive Chairman*

Can you talk about that?

Steve Burke - *Comcast Corporation - Senior EVP and CEO, NBCUniversal*

We own two or three channels that don't make a lot of money that we are constantly going back to cable and satellite companies and saying we want more money. I would rather -- if we can get an extra dime from Dish, I would rather have it on USA than have it on a channel that really isn't getting traction with consumers. So we will go to Dish or somebody else and say, okay, you can drop this one but keep us going in this one.

Alan Schwartz - *Guggenheim Securities - Executive Chairman*

So you see that as a trend?

Steve Burke - *Comcast Corporation - Senior EVP and CEO, NBCUniversal*

I do, I do. The price of cable and satellite has gotten to a point, and the economics of the video side of cable has gotten to a point, that cable video cash flow has been going backwards for every single cable company for years and years and years. I don't know exactly how many, but five years or so. And the reason why cable is a good business is because broadband is so wonderful and business services and home security and all the other things.

But if you are Neil Smit you are keenly aware of the price increases you are getting and you're trying to keep your video prices down in a way that is more acute. It has always been there. It's been there for 30 years people have wanted to keep their prices down, but those discussions are tougher now and what's happening is the more marginal channels are falling by the wayside. But I don't think anybody is going to be able to put together anything that is going to dramatically change the way the bundle looks.

Alan Schwartz - *Guggenheim Securities - Executive Chairman*

So now one of the things I always say, Steve, is -- we've talked about this. We lived in the one-revenue stream world and then cable came along; it was a two-revenue stream. Now you have SVOD and digital and on demand, so there's a three-revenue stream world.

What that's pushing it, instead of just being content with putting something on the air and getting your fee, now it's a matter of what kind of programming can I create that people are going to want to see both when it's on and in other venues? But now there's this enormous rise in original programming. So do you see that --? It's putting pressure on budgets. Do you see that shaking out or do you see that as a continuing trend?

Steve Burke - *Comcast Corporation - Senior EVP and CEO, NBCUniversal*

The sort of folklore is that it's 400 channels on its way to 500, 600, 700. It will plateau at some point. But if you take our situation, we want 80% of the programming that we put on our cable channels and on NBC to be produced by us.

At the same time, consumers are saying why would I watch a rerun of Law & Order when I've got Netflix? It used to be, if you didn't have a DVR -- Netflix didn't exist -- you had to watch whatever you could find. So I think the desire to have great original programming, if you are a content owner or a cable channel or broadcast channel, is going to continue. I don't think 400 is going to go to 800, but I don't think it's going to go to 200 anytime soon.

Alan Schwartz - *Guggenheim Securities - Executive Chairman*

Another part of that: when cable came along, the original networks didn't get the idea there could be such a thing as a sports network or any of these kinds of things. As you think about this three-revenue stream world, do you think about new programming ideas, short form and ways to -- that can be cross-promoted across --? Because you do have to think about the three streams.

So do you see programming changing and not always being the way it is on the two streams?

Steve Burke - *Comcast Corporation - Senior EVP and CEO, NBCUniversal*

That is a very good question. The discussion used to be, let's produce a show that gets a high enough rating that a cable channel or a broadcast channel will keep it on. Increasingly, the discussion is is this something Netflix would find attractive, Netflix or Amazon?

We have a show, Mr. Robot, where we get -- we make $1.5 million per episode just based on what our SVOD deal is without even airing the episode. You have to air the episode to qualify, but that is a profitable show year one by a lot because Amazon wanted it.

We are also increasingly thinking about the content that we have on NBC and our cable channels and how we can make money on the internet. To give you an example, Jimmy Fallon does a digital short probably three or four times a week. Those shorts go on YouTube, Twitter; they go all over the place.

Two years ago we made nothing on that. We didn't embed ads. We were in a fight with YouTube over what the splits ought to be. We weren't really embedding ads at all. We now embed ads and we make tens of millions of dollars on that show because of the way that's distributed.

And I think over the next five years you will see a lot more of that. You will see companies make things that are different lengths produced directly for mobile, do serialized shows that you pay $1 for five minutes and the next day you pay another $1.

We are in this period right now where the eyeballs, the shift in eyeballs, particularly among Millennials, has been so rapid that the business models and the monetization hasn't caught up yet. But it will, because it has to. We, and everybody else in the industry, will figure out a bunch of new models.

Alan Schwartz - *Guggenheim Securities - Executive Chairman*

So that comes back to -- when I said at the beginning you guys went against the tide to have content and distribution, when you did this. Now the world is changing so rapidly that knowing about what people are doing -- what do you see as the advantages? Do you see any?

You and Neil talking about what do you see as the advantages of having both the distribution and the content side of the business as you look at ways to innovate and think about the new world? Do you see advantages to that today that other people don't have?

Steve Burke - *Comcast Corporation - Senior EVP and CEO, NBCUniversal*

Well, I think it makes us smarter company, a better company. Neil sees things operating in the cable business or bandwidth consumption or -- he sees things that I don't see and maybe I see some things that he doesn't say. Then, when we see something, we have the ability to bring it to the marketplace without having to deal with another company.

A perfect example is the Olympics, where, as a consumer -- I love the Olympics. It's my favorite 17 days. Not because of the job I have, but because I love the sports and watching it all. But I always have the feeling that I'm missing something.

We, at NBC, have made that problem worse because now we stream thousands and thousands of hours of competition directly to the internet and then we have five different cable channels, plus NBC, covering the Olympics. So you can miss things.

We went to our cable company and said what if you created a very good cloud-based interactive guide that allowed somebody to say I want to get a notification when Michael Phelps or Usain Bolt compete. Whatever I'm watching, I want to be notified on the screen. I want to follow any time an American is close to getting a gold medal or I want to see them in the gold medal ceremony. In other words, personalizing your Olympic experience and so now if you --.

Alan Schwartz - *Guggenheim Securities - Executive Chairman*

Are we going to see that this year?

Steve Burke - *Comcast Corporation - Senior EVP and CEO, NBCUniversal*

That is going to be in play in Rio. You have to be an Xfinity subscriber, which is maybe 40% of the Comcast footprint, but it will make the experience much better.

As we go into a world where Internet capability is combining, we are the only company that really allows advertisers to know about who is actually watching the shows, because we have access to all the Comcast data. And so we do all sorts of overlays when Linda Yaccarino brings our product to market, so I think it makes us a much better company.

When we launch Secret Life of Pets, if it's true to form, in Comcast homes we will do 20% or 30% better than we do in non-Comcast homes because of the advertising and the way that the Company as a whole supports that.

Alan Schwartz - *Guggenheim Securities - Executive Chairman*

So as we go forward on the -- so two things on that, because I think that's a good high on there, on the Olympic thing, but as you go further let's talk about sports for a second though. You mentioned we had the Olympics in the past; now we will make a lot of money on it, but you paid for the rights in advance.

So there's a lot of debate that as all of the right deals move on, and especially in this world, will the sports leagues take their rights back and find a way to exploit them around the networks? Or is there a real marriage between networks and sports?

How do you see the future of that? Do you think sports is going to be a great profit generator for you going forward and protector of your franchises, or is it something that you are vulnerable?

Steve Burke - *Comcast Corporation - Senior EVP and CEO, NBCUniversal*

We got very lucky because we did brand-new deals with both the NFL and the Olympics five years ago after we showed up. They waited for our deal to close and then ran an auction, assuming that we would be desperate to get the rights. And at some level we were desperate, but we were also lucky because the advertising market was so depressed that all of our forecasts were 15% lower in terms of ad sales than they have ended up being.

So we bid the Olympics at what was our breakeven, and we thought our breakeven was a lower number than Disney or Fox because we were the incumbent and we had all the machinery that you have when you do the Olympics for years and years and years. And we ended up being way too conservative on the revenue assumption. So we did -- I think we did an eight-year deal right after we showed up.

Then after Sochi we went back and said we would like to do another eight years. We have the Olympics now through 2032 and the rights CAGR, the compounded growth rate of our rights fee, is 1% and sports advertising has been compounding at like 5%.

Alan Schwartz - *Guggenheim Securities - Executive Chairman*

There aren't many other sports CAGRs that are 1% on the rights piece.

Steve Burke - *Comcast Corporation - Senior EVP and CEO, NBCUniversal*

As soon as we did the deal, the guys from the NFL called and said what's wrong with this? What do we not understand? And the good news about our Olympics deal, we have all rights so they can't (multiple speakers).

Alan Schwartz - *Guggenheim Securities - Executive Chairman*

Let me ask you this because -- people talk about the leagues and they will go direct, etc., but my feeling is that having a national audience that you are in touch with 24 hours a day and then being able to allocate a piece of that and promote it all the time is going to be the best way, in total, to monetize those rights as opposed to somebody saying I'm going to have my own station or my own network.

But there's a debate on that. I want to see where you come out on that.

Steve Burke - *Comcast Corporation - Senior EVP and CEO, NBCUniversal*

We pay over $1 billion for 25 football games. It's going to be hard for me -- it's going to be hard to imagine how the NFL can put that together and make more than that without using -- not even cable, without using broadcast television.

We also know that the NFL loves Sunday Night Football. We do a very good job I think, Al Michaels and Chris and the way we promote it. Waiting all day for Sunday night, all those things we do to make it -- to eventize it. And that would all go away if that was sold a la carte.

So my bet is that all the big leagues will do what the NFL is doing now increasingly and what Major League Baseball is doing, which is complementing that big, broad reach and that big check that they get from the broadcasters or ESPN with other ways of distributing. We got five Thursday Night Football games in addition to Sunday Night Football. This fall those five games are going to be simulcast on Twitter, but the ads in the twitter feed are our ads, which we'll monetize and they will count toward our ratings.

So I think the leagues will complement. But they make so much money and get such great exposure; it's hard for me to see that going away anytime soon.

Alan Schwartz - *Guggenheim Securities - Executive Chairman*

Then let's go back to the Olympics, because that's a great event, as you say. So as a non-Xfinity -- what are the things that everybody is going to get a chance to experience with the Olympic broadcast this year?

Steve Burke - *Comcast Corporation - Senior EVP and CEO, NBCUniversal*

The Olympics are very interesting. If you look at the last 20 years, scripted programming, reality programming, most sports have declined -- ratings have declined. In some instances, the average sitcom is probably down 70%, 80% over the last 20 years.

The two things that really haven't declined are the NFL and the Olympics. If you look at Olympics ratings, we set an all-time Olympics ratings record in London and the reason why that's the case is that America, for 17 days, basically puts other things aside and falls in love with the Olympics. If you had a diving competition on NBC tomorrow night, no one would watch. And if it was diving during the Olympics, you would get the biggest audience imaginable. You'd get 20 million, 30 million people to watch.

And you say why is that? It's when you see the diver on the diving board and you say that person has trained for 25 years and whatever happens in the next 30 seconds is going to change his or her life, then it becomes something more than sport. And we -- NBC, I think, has done a wonderful job creating that feeling.

THOMSON REUTERS

My worry is that that feeling is -- you wake up in the morning and you have either hooked America, and you can tell right after the opening ceremony in the first two or three nights. Either America has fallen in love all over again or they haven't, and my nightmare is we wake up someday and the ratings are down 20%.

If that happens, my prediction would be it's that Millennials have just not -- they've been in a Facebook bubble or a Snapchat bubble and not -- the Olympics have come and they didn't know it was coming. So we've spent a lot of time and energy over the last couple Olympics trying to figure out how to make sure that younger people are as aware as everyone else.

This year we're doing something very interesting. We decided we wanted to have a Snapchat channel and we also were honest with ourselves and said NBC Sports is unlikely to do a Snapchat channel all that well. They do up close and personals that are two minutes long and the sun is setting and Michael Phelps is swimming, but not necessarily the kind of things that would work in a Snapchat channel.

So we went to Buzzfeed and we said we will pay you to do our Snapchat channel. At first the guys at NBC Sports were beside themselves because the Buzzfeed guys, their first story idea was how many people hook up in the Olympic Village? Their second story was how much would you weigh if you ate like Michael Phelps, but didn't swim?

And they had 15 of those, which I thought were fantastic, but the traditionalists at NBC Sports didn't want to have anything to do with it. They were worried the Olympic Committee would get mad at us. But to me the risk is that you're not relevant and you're not there, and I know, because of that Snapchat channel, there will be people thinking about that night what's going on in the Olympics that otherwise wouldn't be thinking about it.

So I think we're going to be fine. I actually think we're going to set a record; beat the London record because this is a live Olympics. Swimming -- all the finals for swimming, track and field, volleyball, and gymnastics will be live at night on the East Coast in primetime, which will add a level of drama.

Alan Schwartz - *Guggenheim Securities - Executive Chairman*

So as Dukies say it's Coach K taking over USA basketball that has helped the Olympics, but you can take all this credit if you want. We are still saying it's Coach K.

Steve Burke - *Comcast Corporation - Senior EVP and CEO, NBCUniversal*

But it's interesting, the United States is the only country that covers the Olympics the way we do and it's the only country that is crazy about the Olympics the way we are. We pay about $1 billion per Olympics every two years and that's 50% of the worldwide rights, so we pay a lot of money for it. But the country loves it and it's really one of the few places where you will see three generations (multiple speakers).

Alan Schwartz - *Guggenheim Securities - Executive Chairman*

Is it because we are not as big on the World Cup as the rest of the world is?

Steve Burke - *Comcast Corporation - Senior EVP and CEO, NBCUniversal*

You know, I think -- I don't know. We're more patriotic and we like the way it has traditionally been presented and people love watching it. I hope that continues.

Alan Schwartz - *Guggenheim Securities - Executive Chairman*

That's great. This has been great and I really appreciate you doing it. We've got like one minute if our handlers -- if we have any questions that our handlers will let you answer. Anybody?

QUESTIONS AND ANSWERS

Unidentified Audience Member

Steve, you mentioned YouTube, twitter, and Snapchat. My question is can you just talk about how you view them as competitors versus sources of revenue? And maybe secondarily, how comfortable are you with their growth and your product helping fuel their growth over time versus you having greater ownership stake or partners (inaudible)?

Steve Burke - *Comcast Corporation - Senior EVP and CEO, NBCUniversal*

So the biggest challenge I have over the next number of year is to get our company more aligned with where eyeballs are going. And that's not an easy thing to do. There's no -- we don't need to do it in a year. We don't need to even do it in five years, but we have to do it over the next five, 10, 20 years. And we've started in that process.

We put $200 million into Buzzfeed, $200 million into Vox. We have started two or three -- by the way, we have some very good internet businesses. We own Fandango and GolfNow. But, increasingly, we had to figure out ways to take our existing content and get it on Facebook in a way that makes sense and monetize it, which is a challenge.

We are very close to doing a deal with Snapchat where we can bring E! Entertainment and The Tonight Show and some of our other programming to Snapchat. It's a big cultural change, because you can't just take a clip. It's the reason why Buzzfeed is doing our Olympics feed.

You can't just say to NBC News cut up Nightly News and send it to Snapchat and have it work. You have to hire people who make the spoke content. You have to work closely with Snapchat. You have to figure out how to sell the ads and everything else.

But the volumes that you get when you tap into those dominant platforms -- and I would say Facebook, number one, but also Snapchat, twitter, and other platforms -- for a company like ours is a huge, huge opportunity which we are only at the beginning of monetizing.

Alan Schwartz - *Guggenheim Securities - Executive Chairman*

Okay, we're running out of time. Steve, I just got to tell you personally, it has been amazing what has happened in these last five years from having seen it from the start. Being part of Comcast, it's been a great story, but I actually think if it had been a separate company it would be a much better known story as to really what has happened.

The progress that you've made has been remarkable and you are positioned very well for the future, so I'm proud of you and I'm glad we could do this. Thank you.
