THOMSON REUTERS STREETEVENTS

# EDITED TRANSCRIPT

CMCSA - Comcast Corp Proposal for Sky PLC Investor Call - US

EVENT DATE/TIME: FEBRUARY 27, 2018 / 1:00PM GMT

**OVERVIEW:**

Co. announced a possible cash offer for Sky of GBP12.50 per share, valuing Sky's equity at approx. GBP22b or $31b; representing 16% premium to Fox's offer.

## CORPORATE PARTICIPANTS

**Brian L. Roberts** *Comcast Corporation - Chairman & CEO*

**Jason S. Armstrong** *Comcast Corporation - SVP, IR & Finance*

**Michael J. Cavanagh** *Comcast Corporation - Senior EVP & CFO*

**Stephen B. Burke** *Comcast Corporation - Senior EVP & CEO, NBCUniversal*

## CONFERENCE CALL PARTICIPANTS

**Benjamin Daniel Swinburne** *Morgan Stanley, Research Division - MD*

**Craig Eder Moffett** *MoffettNathanson LLC - Founding Partner*

**Frank Garrett Louthan** *Raymond James & Associates, Inc., Research Division - Research Analyst*

**John Janedis** *Jefferies LLC, Research Division - MD & Equity Analyst*

**John Christopher Hodulik** *UBS Investment Bank, Research Division - MD, Sector Head of the United States Communications Group, and Telco and Pay TV Analyst*

**Jonathan Chaplin** *New Street Research LLP - US Team Head*

**Marci Lynn Ryvicker** *Wells Fargo Securities, LLC, Research Division - MD & Senior Analyst*

## PRESENTATION

**Operator**

Hello, and welcome to the Comcast Corporation's Investor Call on its proposal for Sky. (Operator Instructions) Just to remind you, this call is being recorded.

At this point, I'd like to turn the call over to Comcast's Senior Vice President of Investor Relations and Finance, Mr. Jason Armstrong. Please go ahead.

---

**Jason S. Armstrong** - *Comcast Corporation - SVP, IR & Finance*

Okay. Thank you, Hugh, and thank you, everyone, for joining us this morning. With me on the call this morning are Brian Roberts, Chairman and Chief Executive Officer of Comcast; and Mike Cavanagh, Senior Executive Vice President and Chief Financial Officer of Comcast, who will make formal remarks; and then Steve Burke, Chief Executive Officer of NBCUniversal and Senior Executive Vice President of Comcast, who will be joining them for Q&A.

As a reminder, this conference call may include forward-looking statements, subject to certain risks and uncertainties, and you should refer to Slide 2 in our presentation for more information.

With that, let me turn the call to Brian Roberts for his comments. Brian?

---

**Brian L. Roberts** - *Comcast Corporation - Chairman & CEO*

Thanks, Jason, and good morning, everybody, and thanks for joining us on short notice on this call. And we hope by now, you've had time to read in the press release and digest the news of our possible offer for Sky, which we believe is a superior cash proposal to Sky.

If you follow along and turn to Slide 3, let me take a few minutes to explain why this is a superior proposal for Sky's shareholders. Our offer -- our superior Sky proposal is GBP 12.50 per share. It values Sky at approximately GBP 22 billion. Importantly, it represents a 16% increase in value over the existing Fox offer for Sky.

We intend to engage fully with all the regulators to secure their approvals. Significantly, we do not see any material issues, and we expect to receive the necessary approvals in a timely manner.

We know that we need regulatory approvals for the transaction to proceed, and today's announcement triggers the start in the U.K. of those regulatory processes. We would like to buy all of Sky, but we have set an acceptance condition of 50% plus 1 share. We believe that this proposal offers better value than the current Fox offer, and in due course, we very much hope that the Sky independent directors will recommend our proposal.

Turning to Slide 4, we think the U.K. is and will remain a great place to do business. We intend to build on the wonderful platform that Sky has here to grow our businesses in the future.

Through NBCUniversal, we already have over 1,300 employees in the U.K. We have invested over $1 billion in film and TV productions over the past 3 years, and some people might be surprised to learn that we made Downton Abbey. We know that Sky is very important to the U.K. We respect that, and as part of this proposal today, we are making a number of intention statements: one, we will maintain Sky's headquarter in the U.K. at the Osterley Campus, which is an amazing campus; two, we will continue to support Sky as a leader in content creation, arts, culture and entertainment; three, we have tremendous respect for Sky News and a strong track record for high-quality editorial and journalistic independence, and we plan and will fully maintain that; four, we will continue to support Sky's technology hub in Leeds; five, we'll maintain Sky's Software Engineering Academy; and six, we will continue Sky's local community programs.

Turning to Slide 5. We have admired Sky for a long time. And when it became clear that not only was Sky for sale, but that every share was potentially going to have a change of ownership, we thought now was the time to make a superior cash proposal. We think Sky is an outstanding business. There are strong strategic benefits in combining Sky with Comcast. As you know, Sky is a leader in its markets, with 23 million customers, and it is an exceptional brand.

Sky has a great track record of creating original content in forming exclusive partnership with top franchises, from HBO to Premier League to Bundesliga. Sky has a consistent -- been a consistent innovator in its use of technology to deliver a fantastic experience through products, such as the Sky Q box. They have a strong financial model. They demonstrated by their growth in sales and profits and cash flows, and they have exciting future prospects now, particularly by entering new markets. And finally, Sky has a reputation for quality in its management and people, and we've watched and admired Jeremy Darroch's leadership.

As you can see, on Slide 6, Comcast and Sky are the perfect fit. We're both leaders in creating and distributing content, with innovation at the heart of what we do. Our strong market positions are complementary with Sky's leadership in Europe, pairing nicely with our strong position in the U.S. Europe is obviously a highly attractive market, and this acquisition will create a leading platform for growth.

I'm proud the Comcast now has 29 million customers, Sky has 23 million. Both companies have attracted these customers by combining top content with innovative technology, including NBC, USA, Sky Atlantic, top studios like Universal and Sky Vision, preeminent IP like the NFL and EPL and technology-leading platforms like X1 and Q. Innovation is a hallmark for both companies. Comcast's X1, Sky's Q have both redefined what watching television is all about. Both companies are focused on delivering more value to customers, be it by broadband, by mobile or home security.

In short, the combination of Sky and Comcast creates a fantastic leader in entertainment and technology for today and for the future.

Turning to Slide 7. The strategic benefits for Comcast of acquiring Sky are compelling. By combining the 2 companies, we create significant opportunities for growth. Our strong market positions, as I said, are complementary with Sky's leadership in Europe, enhancing our preeminent position in the U.S.

Finally, through combining the 2 companies, viewers will get even higher quality content. The near doubling in our base to some 52 million customers will fuel our ability to invest even further in innovation and drive more compelling financial returns.

And an outcome of these 3 factors, this transaction creates a very attractive financial opportunity. Comcast and Sky have strong growth prospects separately, and consistent with our history, we are committed to investing to realize this new growth.

Together, we will be a unique leader in entertainment technology with the resources and capabilities to compete, grow and thrive in a rapidly changing world. So let me now hand it over to Mike, who will touch on each of those 4 themes in more detail.

---

**Michael J. Cavanagh** - *Comcast Corporation - Senior EVP & CFO*

Thanks, Brian, and good morning, everybody in the U.S. We've been at it for a bunch of hours here in the U.K., but good morning. So I'm going to go just for a few slides just to touch deeper on the 4 big strategic rationale pillars that Brian just touched on. So first, Slide 8. Well, these are leadership positions. We're a believer in the power of having leadership positions as you know from our businesses in United States, and Sky matches that in Europe.

So you see on the slide here, in terms of number of customers, Sky is the #1 in the U.K. and Italy and #3 in Germany. And in terms of the ratings for its networks, its Pay TV networks, it's #1 in each of these 3 markets.

So moving on to Slide 9. Both companies have tremendously strong content portfolios. So in sports, Sky is known for sports, notably, Premier League, Bundesliga and Serie A, while in the U.S., NBC Sports just returned from the successful Olympics on the back of airing the Super Bowl along with other sports properties, including Sunday Night Football, Premier League and NASCAR.

In entertainment, Sky and Comcast have premium studios and networks that attract the largest audiences in their markets. The companies' top franchises and IP have global appeal, creating significant opportunity to distribute content across Sky and NBCUniversal properties. Sky News, and NBC News are 2 of the most respected news organizations in the world. And together, we would have the opportunity to enhance each other's news coverage on a global basis. And finally, Sky and Comcast have a wonderful collection of powerful brands that resonate with consumers, from NBC's peacock and Universal's globe to the Sky brand itself.

Turning to Slide 10. Together, Sky and Comcast have 52 million direct customer relationships. So this large combined customer base will fuel our ability to invest in and develop even more services, ranging from technology offerings to new content experiences. And as a result, we hope the future innovation of products and services, we would expect to grow the customer base in existing markets, extend into new geographies and attract new customer segments through products, such as NOW TV.

And the fourth and finally, on the strategic rationale, on Slide 11, the financial opportunities this transaction affords are significant. In terms of content leadership, we believe the combination of the businesses presents the opportunity to distribute Sky and NBCUniversal content across U.S. and Europe. We will extend our Symphony model in the U.S. where all parts of Comcast NBCUniversal come together to support a franchise, a big show or a movie to Sky. We will benefit from expanded R&D and best practice sharing in technology, and we believe there'll be many compelling growth opportunities for investment in Europe, the U.S. and other markets as well.

So now turning to Slide 12. Let me just review the superior cash proposal itself. So our possible cash offer for Sky is GBP 12.50 per share, valuing Sky equity at approximately GBP 22 billion or $31 billion, which would represent a 16% premium to Fox's offer. We believe our proposal is compelling for both Sky and Comcast shareholders. Our proposal values Sky at 12.2x enterprise value to consensus calendar 2018 EBITDA, the multiple would be 11.3x pro forma for the lower cost resulting for the recent Premier League auction. We expect the transaction to be accretive to our free cash flow per share in year 1 post close, excluding onetime transaction-related expenses. And in terms of balance sheet impact, pro forma net leverage will be 3.0x immediately after closing. Our strong balance sheet allows for us to take advantage of attractive opportunities like this transaction, and maintaining balance sheet strength will continue to be an important priority.

Our previously announced capital allocation priorities remain unchanged, including the 2018 capital expenditure guidance we outlined for both Comcast Cable and NBCUniversal on our fourth quarter earnings call, our 21% increase to our dividend and our commitment to at least $5 billion in share repurchases in 2018.

As you can see, Comcast NBCUniversal operates from a position of significant financial strength. Our ability to drive growth and compelling returns by investing in our businesses with a long-term view has been proven out over multiple large-scale transactions, including AT&T Broadband and NBCUniversal, and we plan to take the same approach with Sky.

So now I'll hand it back to Brian to finish up before we go to Q&A.

---

**Brian L. Roberts** - *Comcast Corporation - Chairman & CEO*

Thanks, Mike. If you go to Slide 13 and take a step back, we've talked about why Sky is an attractive business in our judgment, and how our combination would provide for significant strategic benefits. But why is Comcast the right partner? So in the U.K., we used the slides so we -- I believe most of you are more -- or as familiar with all this, so I'll be quick. But we are a media -- leading media and technology company and proven stewards of world-class brands. And the 2 businesses work so well together. Comcast Cable is #1 broadband, #2 in video, and NBCUniversal is the fastest-growing media company with our leading TV networks, IP franchises, fantastic film and theme parks.

Turning to Slide 14. We're very proud of the last major acquisition we did, NBCUniversal, and the similarity with great brands, but with new energized ownership, we've been able to restore NBC to first place, Telemundo even and in some cases ahead of Univision, theme park growth, film success, Cable Networks, et cetera. We invest in the businesses we buy. We're in it for the long term, and we have exceeded our own and most people's expectations with NBCUniversal nearly tripling the cash flow, and creating a lot of value for our shareholders, and we hope to bring that same approach to Sky.

Slide 15, you're familiar with. But in the way we look at opportunities is to continue this chart since my dad started the company in 1972 with a nearly 18% compounding for 40 years of our stock against 10.6% through the S&P 500 and if you invested [$7,000] (corrected by company after the call), you'd have $12.7 million.

So moving to Slide 16 to wrap it up, and then take questions, we just outlined a superior cash proposal, which is for Sky, an outstanding company and businesses that we know well, have a proven track record of successfully integrating, operating and driving growth. As a European market leader, Sky would accelerate Comcast's international strategy, increasing revenues from outside the U.S. to 25% from current 9%. And as we said, we'd be -- we will bring investment content and capabilities to drive the growth for the combined businesses. Everything we've shown underscores that we are serious in our intent and have a superior cash offer at a premium of 16% to the Fox offer, underpinning our proposal are the clear intentions we've described in terms of investment, independence of news and communities. We're confident in receiving all the necessary regulatory approvals in a timely manner, excited about the potential to create a significant shareholder value with the strategically attractive and financially accretive deal.

And in time, we very much hope that the Sky independent directors will recommend our superior cash proposal.

Jason, back to you, or the operator for questions.

---

**Jason S. Armstrong** - *Comcast Corporation - SVP, IR & Finance*

Okay, thanks, Brian. Hugh, let's open up the call for Q&A, please.

---

## QUESTIONS AND ANSWERS

**Operator**

(Operator Instructions) Okay. At this stage our first question is over the line of Ben Swinburne at Morgan Stanley.

---

**Benjamin Daniel Swinburne** - *Morgan Stanley, Research Division - MD*

I had a question for Brian around this transaction and then sort of a process question for whoever wants to take it. Brian, as you acknowledged that Comcast has historically been a primarily U.S. company, and you talked about 25% international exposure pro forma for this if this gets done. How important is international diversification for you strategically, for Comcast? Is that a number you would like to see higher over a longer period of time? And then second, there has certainly been press speculation that Comcast is interested in all of Fox, I think it would be -- it makes sense for me to at least ask you if you would comment on that given this proposal for Sky. And then just on process, maybe for Mike, what is the next step here for those of us who aren't as familiar with the intricacies of the U.K. approach like this? Do -- is there some time line you can lay out for us for when you think you will hear back? And what the next steps are to figure out of this transaction moves forward as proposed?

---

**Brian L. Roberts** - *Comcast Corporation - Chairman & CEO*

So let me start and as you suggest, kick it to Mike. There's no magic percentage and there's no necessity to do that. We look for opportunities that are right for our shareholders, and that's how we built the company. So in this case, a confluence of events has occurred as we all know with Sky and with Fox. And as a result, it dovetailed on our own kind of curiosity and appreciation of Sky. So Steve and I were over here a couple of years ago, when they launched the Q box and late this last year, November, December, Dave Watson and I came over to recruit an executive working for another U.K. company, and we had some time to kill, and we went, I said, let's go, I want to show you Dave, the Sky Q box as we're looking for future things. I'd like to see how it's developed the last couple of years. And we went to a Sky store, and we spent a bit of time -- quite a bit of time actually, looking at all their integration, their voice remote, their features. And the 2 of us, I think, have the best 2 products in the world. And we've looked at -- we tried to look at them all. And then recently, they had strong financial results and their EPL renegotiations. So we've been looking at the company and like the company, and they're kind of unique in -- and similar in the sense that they believe in content and distribution being a one company and have a very special market position.

Then you layer on that, that they're trying to buy -- Fox is trying to buy the 61% and has an agreement to do so historically, and then Fox decided to sell. So all 100% of the shares in theory are trading hands. And the -- Mike will go into more of the detail, but this kicks off the regulatory review so that hopefully, we will be at the consideration set for shareholders at -- in a place we're in an equivalent position, and such that the high bid will win, which creates an environment that we can say, well, we're comfortable buying 50% plus 1 share up to 100%, and we can be indifferent to that question. So it's not that we have to but it's that we want to. It's a platform starting from a different place, but in the same content and distribution space. And as to your other questions, let me just kick them both to Mike and I'm happy to comment more. But I think we found, last point, that in the journey for Fox, many people don't understand Sky. Having focused on Sky, it's been a company that was 3 separate companies. Then it was a company that had a 39% shareholder that was trying to be taken over a couple of times by that 39% shareholder. As we focused on both its product and its financial prospects, we're very impressed.

---

**Michael J. Cavanagh** - *Comcast Corporation - Senior EVP & CFO*

Thanks Brian. So I'll just finish those up. And so just to echo and go back to the first question there, international, I would just say, this is about a great asset that happens to be here in Europe. We are not trying to solve for just being international for the sake of being international. So it was not to happen that -- we are not striving for diversification internationally just for its own sake. It comes back to just what Sky represents to us, as Brian has described well. On the second point, we're here strictly to talk about Sky. And so, then finally, the next steps here -- and that's because we just can't speculate beyond. It's both part of the takeover panel rules here that we're going to be very respectful of through this whole process, together with the fact that we can't speak for what other people may or may not do. So obviously, there's numerous permutations about how all this plays out from here. But it's not for us here today to go beyond the fact that we've got a superior proposal on the table, which we're quite proud of. So then when it comes to next steps, so I think the important part of launching this was that we are now public. We can go about doing the work with regulators, other constituencies, financing partners and the like to comply with all the rules and procedures here with the important point being, as Brian just said, it's several months of work. We will do the work. We can't predict every step along the way of how it's going to turn out, but we see a straightforward path, a relatively straightforward path to be done with our regulatory process in a timely manner. And that will bring us to a place where all pieces of our offer hang together. The superior cash price, the fact that we're going about this in a timely manner relative to how this is all likely to play out together with this 50% plus 1 share minimum condition, it gives the market, what I hope anyway, is a high degree of certainty that we're serious about prevailing in this.

---

**Brian L. Roberts** - *Comcast Corporation - Chairman & CEO*

Let me just say one other thing and then back to you, operator, but Mike is a great partner for this and he's lived here in London a couple of times in his career and brings tremendous wealth of experience so far. And that's a new dimension for Comcast but we're lucky to have him.

---

**Operator**

Okay. The next question is from the line of John Hodulik at UBS.

---

**John Christopher Hodulik** - *UBS Investment Bank, Research Division - MD, Sector Head of the United States Communications Group, and Telco and Pay TV Analyst*

Maybe for Brian, obviously, in the U.S., satellite assets are seeing increasing pressure. Can you comment on maybe sort of why it's different in Europe or why you don't see things evolving sort of in a similar fashion? And then, also, in the U.S., obviously, the Comcast, on the cable side, is much more focused on driving broadband. Similarly, there's a sort of a lack of broadband infrastructure that comes with these assets in its major markets. Is that an issue as we sort of look more towards a sort of over-the-top and direct-to-consumer world?

---

**Brian L. Roberts** - *Comcast Corporation - Chairman & CEO*

Well, let me take a shot, John. Mike, feel free. The -- I think it's apples and oranges. There's -- I understand the question. We've thought about the question, but from our vantage point, and for the track record, the results they just reported, there's just no comparison to the satellite operator in the U.S. Their product is not as good. There's a different competitive set, and there are different rules in broadband. And so they've bundled with broadband, they've architected their box to be less reliant, as I understand it. Again, I haven't been complete under the hood, but they have more specs in the box. We put more in the cloud. I don't think the consumer cares about any of that. In the digital world, we're all heading to the same place. I just want to talk to my remote, say, watch Olympics, British Bobsledding, and there I am. And how that magically gets done is rapidly becoming less and less relevant and less and less differentiated. It's about the result. So they have, I think, a pretty complete company. They're also, I think, in incredible and enviable position as a content aggregator, whether it's their own content they create, which maybe they should do more of, we'll see over time, to the kinds of premier content that they deliver to their customers. So their business has been growing. They're able to go into the over-the-top world with their Sky NOW product. They can go into other markets through wireless and broadband only. They do bundle, mobile and broadband as part of their appeal to consumers. And we just think it's more like a Comcast NBCUniversal than any company we've seen. Mike?

---

**Michael J. Cavanagh** - *Comcast Corporation - Senior EVP & CFO*

Well, I think, you covered it. I mean, I guess, the one last point is they're innovators. They've clearly been investing heavily in the business in both the premier content that they have together with the technology and product, NOW TV being a product that they are rolling out in markets outside of the footprint markets of U.K., Germany and Italy, are all aspects of a company that's on the front foot. And we consider it to be very similar to the way, the DNA of Comcast itself.

---

**Brian L. Roberts** - *Comcast Corporation - Chairman & CEO*

The other last point, and I sort of made this earlier, was that scale of 50 million plus customers allows you to amortize that R&D and that innovation over a broader base. And as we go into the next generation of things that would be -- I think, a stand-alone smaller company like Sky, might not be as successful in the future in the model that they were versus the model that they might be. And so I think, we're the right company to help that. And I think together, we'll help each other.

---

**Operator**

We are now over to the line of Craig Moffett at MoffettNathanson.

---

**Craig Eder Moffett** - *MoffettNathanson LLC - Founding Partner*

Brian, one of the obvious potential synergies here is distribution of NBC content in Europe and distribution of Sky content in the U.S. Can you talk about what is the advantage of actually owning those assets as opposed to simply trying to do the exact same thing through arms length negotiations to bring that reciprocal distribution to both sides?

---

**Brian L. Roberts** - *Comcast Corporation - Chairman & CEO*

Well, I guess, you could do that. I'm not sure that the motivation is to be able to distribute -- if that was the sole motivation, I would agree with you. We think they have a strong business that allows you -- and we will be able to talk more about this in the future down the road, if this deal happens, as we get together with the Sky team and come forward with plans. I think back to the day we announced NBCUniversal, and how different 7 years later, we are than we were. And I think when you put world-class teams with world-class brands, this much change in our society and consumer behavior, people loving content. There's no doubt people want to consume more. How and where and why and how you monetize is changing and different companies are reacting differently. And for NBCUniversal, to put Bob Greenblatt and Steve Burke in a room with their counterparts at Sky and with Dave Watson, and we sit there and figure out what can we do together that we couldn't do alone. Stay tuned would be all I can say. And look at our track record, whether it was AT&T Broadband, and where we've been able to go with X1 to any part of the NBCUniversal story. With our balance sheet, our mindset, our passion, I think we look at this and say, this is a really great fit and gives a whole new level of growth for the company as we look to Europe.

---

**Craig Eder Moffett** - *MoffettNathanson LLC - Founding Partner*

If I could just ask a follow-up, though. I mean, in the case of NBC, you bought it quite cheaply. Is this, would you argue, that this is simply a stand-alone, cheap price as well?

---

**Brian L. Roberts** - *Comcast Corporation - Chairman & CEO*

So everyone says that. Go back in time, pull out your own notes, or pull out the press at the moment, and we were in the middle of the greatest recession, potentially. It was a high multiple and no one said those words. So I don't want to make a prediction that we'll look back in 7 years here. At the time of AT&T Broadband, the same statement was true. Great assets command great price. This is a great asset, and it has been for several decades. I don't know enough to know this, but my instincts are, it can do even better. Any company can, and I think with a -- being part of a global company like Comcast NBCUniversal, with the best management from both companies, I bet we can perform well, and that's the bet we're making here today. And I think that's the reason it's such an attractive asset.

---

**Operator**

I'll go over the floor -- I'll now pass over to Marci Ryvicker at Wells Fargo.

**Marci Lynn Ryvicker** - *Wells Fargo Securities, LLC, Research Division - MD & Senior Analyst*

I just want to focus on the balance sheet for a second. I know with this offer, you'll be levered at 3x pro forma, but assuming you may have to come back with a higher offer, I guess, first, would you be willing to do that if Disney or Fox were going to come in to try to outbid you? Second, how high are you comfortable taking your pro forma leverage if this is not the final offer? And then getting back to NBCUniversal, can you remind us where you were levered with that transaction and how long it took you to get back down to 2x?

**Michael J. Cavanagh** - *Comcast Corporation - Senior EVP & CFO*

So Marci, it's Mike. So in terms of what happens from here, all we can really speak to you today is the offer as it sits here in front of us now, and the 3x leverage would be at this price. And we can't really predict, nor would I try to speak for what others may or may not do. Together with -- it's the panel rules, not possible for us to comment any further on where it might go. I actually don't have the number off the top of my head at where we were after NBCUniversal. But it took 2, 3 years if I recall correctly to get back down to where the company wanted to be. I mean, in this case, I mean, given the balance sheet strength and the earnings power, the cash flow power, it's within our control to take on leverage. Obviously, it's why we keep the balance sheet -- it's among the reasons why the balance sheet's kept in such a strong position as it currently is. And with the diversity of earnings sources between NBCUniversal with $8-plus billion of EBITDA, Comcast Cable with $20-plus billion. And so for $30 billion overall, what this represents, we've got a lot of ability to delever the balance sheet and maintain a comfortable level of leverage pro forma for this deal and in the time period that immediately follows. So I would say, the only thing I would say with certainty is that we stay long-term committed to running a very safe, sound balance sheet, and we'll keep doing that.

**Marci Lynn Ryvicker** - *Wells Fargo Securities, LLC, Research Division - MD & Senior Analyst*

Okay. Can I just ask you one technical question for our Fixed Income team? They're asking if you're committed to your single A credit rating or if you expect to drop down to BBB with this transaction?

**Michael J. Cavanagh** - *Comcast Corporation - Senior EVP & CFO*

I don't have any comments on that Marci. We like our rating. We haven't -- we got a ways to go on that front.

**Operator**

We'll now go to the line of at John Janedis at Jefferies.

**John Janedis** - *Jefferies LLC, Research Division - MD & Equity Analyst*

Maybe a bit of a follow-up. Can you guys talk a bit about how quickly and to what extent you can incrementally leverage NBCU's content on to the Sky platform? I'm not sure to what extent those rights have already been sold to other platforms or could potentially represent the synergies?

**Michael J. Cavanagh** - *Comcast Corporation - Senior EVP & CFO*

Right, I think, I'll just answer that. In over the -- in the fullness of time, we can do whatever we want with the content we create in the future and the content we have now once existing arrangements roll up. So it's not -- it's an opportunity as time passes.

**Brian L. Roberts** - *Comcast Corporation - Chairman & CEO*

Steve, do you want to add anything?

---

**Stephen B. Burke** - *Comcast Corporation - Senior EVP & CEO, NBCUniversal*

Well, I think you start from the position that we believe in scripted television, we believe in the movie business, we believe that if you're in these businesses, you need to try to distribute as broadly as you can. And one way to think about it is our footprint, our English language footprint, roughly doubles with this deal. And the way we run the company, we're intimately tied between the studio side of the company and the channel side of the company, and that has allowed us to produce a lot of our own programming for NBC and USA and Syfy and Bravo, and that has proved to be a good business. And this would just expand that, roughly double that in the English language footprint.

---

**John Janedis** - *Jefferies LLC, Research Division - MD & Equity Analyst*

I'm just...

---

**Brian L. Roberts** - *Comcast Corporation - Chairman & CEO*

Go ahead.

---

**John Janedis** - *Jefferies LLC, Research Division - MD & Equity Analyst*

Can you give a little more detail about maybe the opportunity or timeline to expand into other countries? I know you expected to go into others, but is there a timeline there?

---

**Brian L. Roberts** - *Comcast Corporation - Chairman & CEO*

No, I don't think today that we're specific. I want to emphasize what those guys just said, which is our rights are not tied up. It's an opportunity. It's not first and critical reason. What we're getting, also are all the Sky channels, which are incredibly successful. And we sell a lot of our content to Sky. So there is time to sit down and do what Steve was talking about and sit as both companies together and really go through that. That has not yet begun or happened. Just because we're not talking specifically about it doesn't mean that opportunity isn't there. And it seems quite intuitive to me that we will find a way to maximize both for NBC's benefit and for Sky's benefit where the 2 companies can touch each other together.

---

**Michael J. Cavanagh** - *Comcast Corporation - Senior EVP & CFO*

And in terms of expanding into other countries, remember that what we're really first order talking about is what Sky itself is already doing, going into Spain and Switzerland, for example, and I think, have a thoughtful strategy that's in its early days, perhaps, but that's -- we are attracted by that.

---

**Operator**

We now go to Jonathan Chaplin at New Street Research.

---

**Jonathan Chaplin** - *New Street Research LLP - US Team Head*

Two quick questions, if I may. One, one of the areas where you have focused is on the sort of the technology capabilities or assets at Sky. I'm wondering if you could expand on that a little bit and give us some sort of insight into what they've got maybe in the realm of sort of OTT distribution or other critical content technology capabilities. It would be interesting to hear. And then secondly, just some context on how this, sort of, interplays with your interest in Fox? If a bid for Fox would have become possible again or if you're able to get Fox, what would happen to your bid for Sky and how are the 2 potentially related?

---

**Brian L. Roberts** - *Comcast Corporation - Chairman & CEO*

Yes, I think there's not much to say on that question, unfortunately. This is -- the news of the day is the bid for Sky. That's all we can and are going to talk about. And we -- today, it's the first step towards that process that Mike described. And so it's a superior cash proposal and we'll take the steps necessary to convert that to the next phase of getting it completely on the table. As to the technology question, I think that we -- both companies are trying to find ways to add value to viewers and consumers in a rapidly changing world. Comcast X1 on the Olympics, we just had a very successful Olympics. The viewing in the X1 household was materially higher in every X1 household of the Olympics for those 18 days than it was in any -- on our non-X1 households, and I believe, on any other households with any other technology. And it's that type of learning that we will be able to compare notes with the Sky team and continue to innovate together and find ways to accelerate and widen your lead over other technological companies and platforms. The reason that our viewing was so much higher was we had literally 60 Olympic channels. Most of them were virtual. So if you said to your remote, find British Curling, it would change to British Curling and give you an unending stream, whether it was live curling, replays, highlights, Internet, television, NBC and it just would be a virtual stream. And we are able to personalize television and have it completely different than any other Olympic coverage we ever offered before. And that's just a small example of where we think this is going. Sky seems to share that same vision and have the same types of capabilities to deliver that to their consumers as well.

---

**Jonathan Chaplin** - *New Street Research LLP - US Team Head*

I guess, what I'm looking for is what are they bringing that's incremental. So you've got a little bit of capabilities already. Now it's fantastic and it seems like they've got them already and that's great for them. Sorry, go ahead.

---

**Brian L. Roberts** - *Comcast Corporation - Chairman & CEO*

You're taking the cost, if you will, to develop all of that and spreading it over 52 million customers instead of 29 million or in their case, to over 23 million. You're able to attract the best of both, you're licensing some of the core technology with more scale. I mean, it's, I'm sure, a very long list of benefits, in my judgment, that scale brings you. And innovation and innovators and partnering companies and startups and you go right through the line of what a difference that would make. And...

---

**Michael J. Cavanagh** - *Comcast Corporation - Senior EVP & CFO*

And additionally, when you touch on a lot of different markets if you're -- as the Sky team is going into leaders in different markets, all of them -- Germany, U.K., Italy with different competitive landscapes and as they enter with a new product type in -- through NOW TV, you get the opportunity, I think, on the technology side, to see a variety of different customer challenges and opportunities to deliver great experiences and products and also, bring that back through the rest of the system. And perhaps in places you didn't even think you had the opportunity.

---

**Brian L. Roberts** - *Comcast Corporation - Chairman & CEO*

Right. So they're doing streaming out of the market. That's something we're not doing at Comcast and as an example of learnings and experiences and capabilities that they bring to us. So more to follow, but as a stand-alone business these numbers work. All of what we're talking about would be enhancements, and we've got none of that in the numbers that Mike laid out earlier.

**Operator**

Okay. The last question we have time for today, is over to the line of Frank Louthan. So that's Frank Louthan from Raymond James.

**Frank Garrett Louthan** - *Raymond James & Associates, Inc., Research Division - Research Analyst*

Back to the broadband question, just talk to us a little bit about possible up-sell in broadband in some other Sky geographies and how you feel longer term about the resell nature in the U.K. and how that fits with your U.S. strategy of owning the broadband assets?

**Brian L. Roberts** - *Comcast Corporation - Chairman & CEO*

The reality is what it is. So when we looked at this, we obviously thought about that question, and we got comfortable with what we know of Sky's broadband capabilities. The markets have evolved differently from decades here in the U.K. versus the U.S. It's similar to our judgment in wireless in the U.S. We were able to get an attractive wholesale relationship, and we're off to a wonderful start in that model. So we can get comfortable not always having to own the network. There are different countries and different rules, and we're going to have to learn more as we go and see how that evolves. But the U.K., which is the majority of the operations, I think, they have a pretty good strategy here, and it seems to be working well for them.

So thank you all for joining us, and we're excited to give this report, and of course, we'll be talking and following up in the days ahead.

**Michael J. Cavanagh** - *Comcast Corporation - Senior EVP & CFO*

Thanks, everybody.

**Operator**

This now concludes our call. Thank you all very much for attending. And you can now disconnect your lines.

**Editor**

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF THAT JURISDICTION.

THIS DOCUMENT IS NOT AN ANNOUNCEMENT OF A FIRM INTENTION TO MAKE AN OFFER UNDER RULE 2.7 OF THE CITY CODE ON TAKEOVERS AND MERGERS AND THERE CAN BE NO CERTAINTY THAT AN OFFER WILL BE MADE.

This information in this document is not intended to and does not constitute an offer to buy or the solicitation of an offer to subscribe for or sell or an invitation to purchase or subscribe for any securities or the solicitation of any vote in any jurisdiction.

Cautionary Statement Concerning Forward-Looking Statements

This document contains certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The information included in this document may contain statements which are, or may be deemed to be, "forward looking statements". Such forward looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and on numerous assumptions regarding the business strategies and the environment in which Comcast Corporation and Sky plc and their respective associated companies will operate in the future and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements.

The forward looking statements contained in this document may relate to the financial position, business strategy, plans and objectives of management for future operations of Comcast Corporation and Sky plc and their respective associated companies, and other statements other than historical facts. In some cases, these forward looking statements can be identified by the use of forward looking terminology, including the terms "believes", "estimates", "plans", "prepares", "anticipates", "expects", "is expected to", "is subject to", "budget", "scheduled", "forecasts", "intends", "may", "will" or "should" or their negatives or other variations or comparable terminology. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. If any one or more of these risks or uncertainties materialises or if any one or more of the assumptions prove incorrect, actual results may differ materially from those expected, estimated or projected. Such forward looking statements should therefore be construed in the light of such factors. Neither Comcast Corporation nor any of its associates, directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this document will actually occur. Given these risks and uncertainties, you should not place any reliance on forward looking statements, which speak only as of the date of the relevant document. Comcast Corporation expressly disclaims any obligation or undertaking to update or revise any forward-looking statement (except to the extent legally required).

Unless expressly stated otherwise, no statement contained or referred to in this document is intended to be a profit forecast or profit estimate.

Important information for U.S. Sky shareholders

Sky is a public limited company incorporated in England. If an offer is made for Sky, it would be made in the United States in compliance with the applicable U.S. tender offer rules under the U.S. Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act"), including Regulation 14E thereunder, and otherwise in accordance with the requirements of English law. Accordingly, any offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, the offer timetable, settlement procedures and timing of payments that are different from those applicable under U.S. domestic tender offer law and practice. Sky's financial information, including any included in any offer documentation, will not have been prepared in accordance with U.S. GAAP, or derived therefrom, and may therefore differ from, and not be comparable with, financial information of U.S. companies.

Comcast and its affiliates or brokers (acting as agents for Comcast or its affiliates, as applicable) may from time to time, and other than pursuant to any offer for Sky that is commenced, directly or indirectly, purchase, or arrange to purchase outside the United States, shares in Sky or any securities that are convertible into, exchangeable for or exercisable for such shares before or during the period in which any offer remains open for acceptance, to the extent permitted by, and in compliance with, Rule 14e-5 under the U.S. Exchange Act and in compliance with the Code. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Information about any such purchases or arrangements to purchase that is made public in accordance with English law and practice will be available to all investors (including in the United States) via the Regulatory News Service on www.londonstockexchange.com.

If any offer for Sky is consummated, the transaction may have consequences under U.S. federal income tax and applicable U.S. state and local, as well as foreign and other, tax laws for Sky shareholders. Each shareholder is urged to consult his or her independent professional adviser regarding the tax consequences of any offer.