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OVERVIEW:

Company Summary

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PRESENTATION

Michael Ng - *Goldman Sachs International - Analyst*

Great. Well, good morning, everybody. Welcome to the Comcast fireside chat at the Goldman Sachs Communacopia and Technology Conference. My name is Mike Ng. I cover media, cable, telco here at the firm. And it's my privilege to introduce Jason Armstrong, who is the Chief Financial Officer at Comcast.

We have about 35 minutes for today's presentation, but first and foremost, thank you so much for being here, Jason.

Jason Armstrong - *Comcast Corporation - Chief Financial Officer*

Mike, thanks for having me.

QUESTIONS AND ANSWERS

Michael Ng - *Goldman Sachs International - Analyst*

To start off, Comcast recently announced plans to spin off NBCUniversal and Sky from Connectivity and Technology. Could you talk a little bit about what drove that decision? How might the strategy at each entity differ after the separation?

Jason Armstrong - *Comcast Corporation - Chief Financial Officer*

Yeah. Well, thanks, Mike. Well, it's great to be here. It's a little bit of a homecoming. I used to be in your seat for several years and understand the amount of work that goes into this conference, so thank you. Thank Goldman for hosting this. Thanks for inviting us to come present.

You're right, it's been a busy year at Comcast, in particular a busy summer. We announced late June an intention to separate into two different businesses and we've spent a decade plus building two strong businesses. More recently, as you look at sort of the competitive dynamics, the end markets, strategic positioning, investment requirements, there's a little bit of a divergence in terms of what these two businesses are focused on.

And so, decision to separate them, I think along with that decision, there's certainly opportunities on the other side, but let me just rewind the clock what went into that decision with sort of us saying, we got to answer several questions on the viability of these companies as standalone businesses. So first was, could we put leadership teams in place? I think we've answered that question already. Mike Cavanagh, Michael Angelakis in position to run the two businesses.

I've had the pleasure of knowing both of them for a long time. Michael Angelakis hired me way back when from Goldman 12 years ago at Comcast. He was the CFO and Vice Chairman at the time, deep operating background on the cable side, sort of always been an infrastructure guy, and then had the privilege of working with Mike Cavanagh for over a decade, deep background in JPMorgan, CFO background.

In this role -- in the roles that they're going to play in the businesses, so NBC, Mike Cavanagh has spent the last period of time as President, Co-CEO of Comcast, and really, has kind of been running NBC for the last three years, so a very natural transition into that role. Michael Angelakis, a long period of time at Comcast. Before that, Providence Equity, always sort of an infrastructure bent to his investing style, so sort of an operator but with an investor lens. He spent the last several years in private equity as well, so really interesting lens to bring into the business, but deep operating experience on the cable side.

So that's leadership if you look at the top level and then we've rounded out the teams sort of around those two, then you get into how well positioned are these businesses? If you look at the Connectivity and sort of Technology side, as you mentioned, we're a scale leader in broadband. We're a challenger in wireless, fastest growing sort of scaled wireless company with a long ways to go. We're the only business services company at scale that's growing with a massive amount of room to go, which I'm sure we'll talk about in enterprise, which we're excited about.

And then if you shift over to the Content side of the business and you look at sort of the strength of the portfolio there: depth of IP, depth in the Experiences segment, you sort of step back and say it's a -- you've got a top three studio. You've got a top two global experiences business. You have a streaming business that's mostly domestic focused but has now made its way to profitability and the future's bright. And so, that was an important milestone. And so, it sets both businesses up well.

Next question we had to answer was, as you separate balance sheets, could you separate them and have strong characteristics around each side, which I think we'll easily check that box. Our intention is both companies will have strong investment-grade balance sheets. And now, it's about the execution phase of that. So with the leadership teams in place, we're off and running sort of building all the things that we have to put in place to separate. Obviously, we've given a target of sort of middle of next year and don't see any issues with that. We're off and running towards it.

Michael Ng - *Goldman Sachs International - Analyst*

Great. That's a fantastic overview. I'm sure we're going to hit all those topics in our session here. But to start off, let's talk about broadband competition. Cable broadband is certainly seeing some competition at the high end from fiber, on the value side from fixed wireless. You have satellite and Starlink becoming a more meaningful part of the market. I was wondering if you could just characterize the competitive dynamics in each of those segments and talk a little bit about how Comcast is doing to -- what Comcast is doing to strengthen its position.

Jason Armstrong - *Comcast Corporation - Chief Financial Officer*

Yeah, I think -- no doubt, it's a competitive environment. I think you're hearing that from everybody. It's competitive in broadband. It's competitive across convergence as well. So as we step back and look at broadband, we're in the fortunate position of, we're one of two wires into the home. Our long-term view, despite sort of competitive intensity right now, has been and continues to be that a wire wins, right? We think there would be two wires in the vast majority of homes, but wired technologies win. If you think about the ability to increase speeds over time, if you think about lowest latency, if you think about lowest marginal cost to upgrade, all those sort of bring you back to you want a wire in the home.

Saying that, fixed wireless has emerged as a new competitor. They are several years into taking share. Wireless companies have all devoted a set amount of capacity to say: we've got excess capacity. How do we soak up that capacity? Let's go put some in the fixed wireless market. So that continues. I think you're seeing around a million subs a quarter or so if you add up the totality of fixed wireless.

I think the leadership position and the composition within that's changing a little bit. You're seeing a couple decelerate, but then one is accelerating, so the total picture sort of still looks the same. But every one of those companies is in search of a wire into the home and would rather put traffic across a wire than they would fix wireless. They're telling you that by their actions, right? And so, long-term, it sort of validates the strategy for us around wire into the home. But for now, it's competitive. And so fixed wireless continues to be pressure on subscriber additions; that's no different from the past several years.

Satellite looms out there as a potential threat. Would reiterate what we said on that second-quarter call: not really seeing it yet, but there's no complacency around it. I think we'll see it over time. And in particular, in rural and maybe deep suburban markets, it may be a better option as a competitor than we've faced historically, so it's -- that's something we're bracing for.

Fiber, certainly not the last category. Maybe it should have been the first, but that's the long-term competitor in our view. So if you look at fiber making its way into our markets, historically, we would see overbuild of kind of 2% to 3% per year. If that's accelerated in the last couple of years, it looks more like 4% or 5% at this point. That's nothing new. I think that's well known probably to this group. You've seen a lot of fiber competition, a lot of funding into fiber and companies really accelerating that.

I think one of the things that is new, we mentioned this on the second-quarter call, that we were starting to see irrational competition. It popped up a little bit in the second quarter. I would tell you it's continued into the third quarter. So when we see fiber pricing, standalone fiber pricing, in the $30 to $40 range for a gig, when we say irrational, that's what we mean by irrational. That to us is not a rational price point.

When a company like that has to sit in front of this room and say $1,500 to go build out a household, $2,000 rural markets, substantially more than that, and that's -- the economic case for that is built on ARPU of this and penetration of this, $30 to $40 as a starting point on a gig product, which is your flagship product and higher speeds than fixed wireless, is not a rational price point, right? And so as we look at it, we think we've been incredibly rational in our approach to the market. We think as you look at broadband and wireless and think about the converged opportunity over time, our entry into broadband, we got lucky, quite frankly.

We for 60 years had plant that was allocated to video and coax cable into a household and could naturally transition that plant from video into broadband and do it in a high-capacity way. So we're off and running obviously on that. We have been for 20-plus years, but more recently taking that plant to multi-gig symmetrical has been the strategy, but that is a several hundred dollars per household transition. Copper to fiber is a potentially thousands of dollar transition. So I point that out because when you see pricing the way we've seen pricing, that's -- you'd really question, I think, returns, especially on a standalone basis.

So if you look at that, our intention and our goal and what we think we'll do this year is, on a year-over-year basis, we do think full year we’ll improve our broadband subscriber losses. I think quarters are going to look different within that. This particular quarter, I don't think we’ll improve year over year. So the pressure we've seen, in particular with irrational fiber pricing, is going to cause that. But as we step back, incredible hand to play. I know we'll get into wireless. We're incredibly bullish on wireless and sort of the hand we have to play there.

Michael Ng - *Goldman Sachs International - Analyst*

And if I could just follow-up on the comment as it relates to competitive broadband pricing, what do you think ultimately happens there? Does the industry return to a more rational pricing environment over some period of time? It was interesting to hear that it kind of spilled over into the current quarter.

Jason Armstrong - *Comcast Corporation - Chief Financial Officer*

Yeah, no crystal ball, but I can tell you what we're doing is we think a rational approach to the market. If you look at our approach to broadband, you mentioned this -- a year ago, we sort of started on a new journey, right, the pricing and packaging journey, and how do we go to market. It was an honest assessment of where are we good, where are we bad? Because by the way, fixed wireless has probably taken more share than we thought. We got satellite coming and fiber is encroaching in our territory. And so, let's go sort of rewrite the playbook a little bit and organize it into different categories.

So -- and it's through a consumer mindset and a consumer lens. What do they care about? They care about network, product and experience. Simple categories. So on the network side, I think we're incredibly well placed, right? We have multi-gig symmetrical; that's the path we're on. DOCSIS 4.0, FDX, full duplex -- there's a lot of jargon here, but simplistically, multi-gig symmetrical in every home, which matches where fiber is.

And by the way, that's with 20% of our plant allocated to data, 80% allocated to video, so anybody questioning sort of the viability of our plant longer-term and speeds we can ultimately offer, I would tell you we're not in that camp. We can match fiber already with 20% of our plant allocated to data, so long runway there. Feel completely comfortable in what we're doing on the network side.

On the product side, we actually rate incredibly well. We're number one in our footprint in terms of Wi-Fi reliability, which is if you ask consumers what they care about, that's number one, right? There's sort of price value, et cetera, but the first thing they'll say is, I want my Wi-Fi to work. I want the wire to work into the home, and then I want coverage inside of the home and want it to be incredibly reliable.

We rank number one there, but on the product side, we sort of said, how can we go extend that, right? And this is largely how we're competing: how can we add more value to the consumer? So whether that's wireless, where we've got an interesting path in. We've accelerated that with free lines that we do monetize over time. It's not free forever, it's free for a year, but that's an awareness thing.

We're competing more at the high end with our premium unlimited plans. We've just launched the Shield product, which is sort of a relaunch of our home security product that will have several different flavors associated with it. And the most basic layer is -- what you have in your home right now is a gateway that if you opt in as a consumer, which is your choice -- but it is a motion control sensor in your home. So if you want some basic level of home security through that, it's not all the bells and whistles, but it's a basic level we can offer for free. You just opt into it. Nobody else is matching that.

I think increasingly, you'll see us competing with, here's a free camera. And we want to drive you to our app. We want you engaging with our app. We want you seeing what's going on with your home. Add that to motion control and you start to add more value into the bundle.

Last category is experience. And that's the one where I think a year ago, we sort of said, we need to make improvements here. Whether it's the pricing and packaging construct, which the history of this was there were teaser rates and then two years later, one year later, a pretty big step up. That used to work in the industry when that was the way the industry competed. That's not the way the industry competes at this point, so we had to really rewrite the rules around that.

And then we had to get into the experience layer and say, okay, where are the deficits? Are we handling calls on time? Are we getting customer resolution? It's a more competitive environment; hence you can't have pain points in the system.

And I think that's been a journey for us. We've invested quite a bit in that. We're, I think, still on that journey. But between internal investments and then externally, we've said, who's best in class out there? And we use external partners. So between Google, Cresta, Sierra, got a number of them in the system at this point. And it's about how do you get the best IVR possible. Let's say you have incoming calls into a call center, how do you route them as quickly as possible, get to resolution? How do you take the unassisted and agentify that?

Customers come in and they actually don't want to talk to somebody. They want to be able to handle a problem pretty quickly and do it on their own. We're doing a lot of work there. And then for customers that end up talking to an agent, which we still have a lot of agents out there and to the extent people want to go talk to an agent, we want to get them there as quickly as possible. But how do you agentify our own agents, right, and have them really have tools that are better than what they've had before?

So we've done a lot through that. I think I would tell you as we articulated this journey last year, we said these investments are going to cause sort of temporary pressure on EBITDA. They're going to dilute broadband ARPU a little bit because free wireless lines inside of a bundled construct dilute broadband ARPU and that dilutes convergence ARPA a little bit. Convergence ARPA is something we're really focused on at this point.

But we'll start to come out of this, right? And so we said in the second-quarter call, I'd reiterate here, we'd expect to have modest improvements in the EBITDA trajectory starting in the third quarter. We'd expect the same, by the way, on broadband ARPU, expect the same on convergence

ARPA as well. We'll be showing sort of sequential improvement. So I think as you step back, we're competing rationally, we're competing along the lines of where we think our strongest playbook is.

And again, back to the returns point, we enter into the market with strong returns on both sides of the convergence equation because we have a plant that's capable of multi-gig symmetrical. That's been in existence forever with cheaper upgrades than anybody else had. And we have a path into wireless that is no towers, no spectrum. It's an incredibly capital-light path that gives us a lot of flexibility.

Michael Ng - *Goldman Sachs International - Analyst*

Great. And then maybe just expanding a little bit more on wireless, obviously an important part of the connectivity strategy. You talked about some of the free line cohorts maturing into paid lines and premium unlimited. I was just wondering if you could give us a little bit of a post-mortem on the wireless strategy and how it's been deepening customer relationships to date?

Jason Armstrong - *Comcast Corporation - Chief Financial Officer*

Wireless is an enormous opportunity for us. And I think it's no secret when you hear satellite companies start to talk about how do we get into the wireless market, it's because the addressable market is massive. And that's not just from a revenue perspective; it's from a profitability perspective as well.

So we see it the same way. We think we've got an advantaged position of getting in. Because as we look at it, we have 65 million households, 30 million customer relationships. That's really our right to sell into because we're selling wireless into existing relationships. We offload at a much higher rate than a traditional wireless company and we're only selling into our own customers, which gives you an acquisition cost advantage.

So you stack that all up. And you go through a P&L all the way down to sort of free cash flow, which is what we really care about. Where do you have advantages versus disadvantages in wireless? I would say gross margin, probably disadvantage, right? But as you start to get below that, acquisition cost, advantage. Capital intensity, huge advantage. So get all the way down, this is a strong return business for us that we really like.

But it's also a business where, as we stare at different pockets of growth, and we as a company right now, we really use sort of the separation as a catalyst for both sides. Partially, it's about spinning off NBC and they're going to be launched off on their own, and great things to come say and tell the market, but for -- to remain cable co, this is also a forcing function, right? How many things can we go reinvent? Where are the pockets for growth that we can just be more agile, more focused?

And so, there's a lot of different things out there we're looking at. But the big one that sits right in the middle, the biggest far and away the largest addressable market, is wireless. And so, when you look at the wireless market, you studied this -- I've studied as an analyst for a long time, too. It's a great market, right? It is 0.8%, 0.9% churn. The first stat I would look at, right? It is incredibly sticky customer relationships. What that usually means in a business is massive back books, right? And overpriced back books.

That's a huge opportunity for us. It's not easy to peel customers away. Everyone in this room probably have -- if I have to pull you on a family plan, it's tough. Everybody's sort of staggered in terms of handsets and EIPs, and when they got on different programs and every family member looks different. But that's not insurmountable, right, so I think increasingly, we're making our way into that business. If you look at what we've done recently, we've sort of said, we have to solidify the foundation because our right to sell as a happy broadband customer, that's what we're selling on top of, we have to build awareness, that's what free lines were about, but it's free for a year, right, and then we're converting you.

And so, the early progress on that has been, we're pretty maniacal about: we give a free line, does someone activate it and does their usage start to build towards the 12-month mark when they're going to convert into a paying line? The beauty of when you convert into a paying line is you're converting at a rate that's still a substantial discount to where the market is. So if you're like us, there's no reason to leave.

So what we've seen so far is 70%-plus of customers on free lines converting into paying lines. At the same time, we've really driven the premium unlimited business of wireless, which is sort of newer to us. I think a fair critique historically was, who can cable companies really go after and whose subscribers are they stealing? And I think competitors of ours would have said, hey, they play in the lower end of the market. They definitely play in prepaid.

We're fully playing in postpaid at this point. If you look at full data allotments, handset availability, international roaming plans, there aren't really big differences. And so 40% of our incoming subscribers are now premium unlimited subscribers. That was 30% last quarter, but substantially lower than that the quarter before, so we're really starting to make some good progress there. And convergence benefits over time. As we look at the total convergence portfolio that we have, we're coming into wireless, they're coming into broadband, but we sit there at $85 for a converged ARPA per household that we serve. And wireless is up at [$150, $160, $170]. So to us, there's enormous amount of room to run there, but we had to get a few things right, which we're starting to make a lot of progress on.

Michael Ng - *Goldman Sachs International - Analyst*

That's exciting. And you certainly don't have your fair share in wireless yet.

Jason Armstrong - *Comcast Corporation - Chief Financial Officer*

Correct. We're 7% penetrated amongst our homes. That is not our fair share.

Michael Ng - *Goldman Sachs International - Analyst*

Right, right. At the onset, you talked a little bit about some of your excitement around the traction that Comcast is having in business. Comcast acquired Nitel. You signed a business MVNO with T-Mobile. You've been making deeper inroads into enterprise. Could you talk a little bit more about the business strategy? What parts of the story do you think are most underappreciated by investors today and what should we expect for future growth?

Jason Armstrong - *Comcast Corporation - Chief Financial Officer*

Yeah, I think this is one of the biggest ones that's misunderstood and kind of not focused on the right way. It's, from scratch, a $10 billion book of business that generates almost $6 billion of EBITDA, right. So we've been at this for a little over a decade. We have really done a great job penetrating the small business market. In many markets, we're actually the incumbent at this point.

Small business is a great business to us. We clearly have a right to win. We've got high-capacity pipes. We've got dedicated sales force. What you're seeing in small business is there's elements of it that are facing the same pressure that's going on in residential. But I would tell you that's sort of the lower end, the protection that you have in small business, which we've experienced because we're growing the small business category, is that type of customer, value is not just connectivity, but they want a management layer that sits on top of it. They want managed Wi-Fi. They increasingly want cybersecurity. And so, that means you're a little bit different from some of the competitive forces that are impacting the residential business, at least when you start to get to the mid to higher tiers of small business.

And so we've done a great job. We're growing that business unlike others. I think the real opportunity over time from here is going to be enterprise. And so in enterprise, you mentioned it, Nitel, Masergy, those have been a couple of great tuck-in deals that were about adding capabilities. But our strategy in enterprise has been get footprint quickly, which was hyper builds and connectivity into office parts, et cetera.

We've been at that for 10-plus years, right? And so, connectivity and into our footprint, then drive customer acquisition, and then upsell services.

And so that's the journey we've been on, Nitel, Masergy, whether it's carrier aggregation, SD-WAN. They brought specific capabilities that sort of the beauty of that is when you start to build a scaled base with enterprise, you get a lot of enterprise customers coming back to you saying, I love what you're doing in the following areas. Can you do this, right? And then, it's up to us to say, can we develop that in-house or is there some pure-play company that does it better than we are that we can have immediate accretion with by just monetizing that across our entire base? And that's largely what those two acquisitions were about.

We're staring at a lot of other things that look like that. How can we go accelerate enterprise even more? I think the exciting thing about enterprise for me is we've really built out the sales force around it, which is a huge thing in enterprise. You have to get that right. But Comcast Business Services is the place to work at this point if you're in enterprise sales. If you think about everybody we're competing against at scale, those are declining businesses. They've been at it for 30 to 40 years. They're on legacy technologies. They're seeing their businesses decline, and it just -- it means something different when you're in that type of business versus here's the shiny object over here, it's pure growth, there's categories that they can go after, whether it's different technologies they're layering in, different services, or new verticals that they're going after by building sales capabilities into it.

So I think that there's a real vibe in that business. We're growing high single digits on an already pretty well-established base, but I think a ton of room for continued growth there. And as we pick off verticals, one of the early ones we started with, for instance, was quick service retail. At this point, we have 12 of the top 15 quick service retailers. These are thousands of locations across the country where we're sort of the throat to choke in the middle. We're the connectivity layer, but we're also the managed services layer, and really good job and we'll just continue to go take over verticals.

Michael Ng - *Goldman Sachs International - Analyst*

Great. And I guess a natural follow-up would be, as you become a more meaningful player in enterprise, what proof points should investors watch over the next couple of years as you accelerate growth in larger enterprise customers? Are there any impacts to margins or capital intensity as you move away from SMB -- not move away, make a shift more towards enterprise?

Jason Armstrong - *Comcast Corporation - Chief Financial Officer*

Yeah, this is the beauty of this model. The things you have to put in place are there's a little bit of capital around hyper builds, which we've been at for a while, so I wouldn't tell you there's incremental capital intensity necessarily coming. We have picked our spots around capabilities, right? So to the extent we find the next company X that's delivering a capability that we can go scale it and I could come to you and say, here's the model around this, this is immediately scalable, hence it's immediately accretive to go scale across our base. We're wide open for business on things like that.

Michael Ng - *Goldman Sachs International - Analyst*

Yeah, great. Just on the financials, as you think about the financial profile of C&P, 2026 sounds like an investment year as you absorb the impacts of the new broadband and wireless go-to-market, the customer experience investments. So how do these investments translate into better long-term economics including, what are the drivers of ARPA growth? And then, talk a little bit about the path from this investment period towards stronger revenue and EBITDA growth?

Jason Armstrong - *Comcast Corporation - Chief Financial Officer*

Yeah, I think you articulated exactly right. And what we said at the end of last year was 2026 was going to be an investment year. That's on the customer experience side, that's on pricing and packaging, and that is facilitating, getting more aggressive in wireless. And so, all those things are exactly what's played out. We reported what we did in the second quarter and then we gave an outlook that we're going to start to have some relief on the critical metrics around ARPU and EBITDA performance.

But I think if you step way up, our simple goal is we pass 65 million households. How do we serve the vast majority of those? How do we sell multiproduct and establish a baseline connectivity layer, then sell wireless, sell home security over time, and then there's other services that we have on the radar as well? And how do we drive the lowest possible churn? So it's sort of a customer lifetime value lens. How do we compete via that.

And as I said, our entry into these different pockets, whether it's broadband, where we're capital efficient, using a legacy network, wireless where it's super capital-light, home security that we can go relaunch, but use a lot of the existing gateways that we have in homes that just have capabilities that are beyond what we're monetizing right now, so I think huge opportunity. But then the other big opportunity for us and the separation is, it didn't have to be the catalyst, but it's a little bit of a catalyst for this. And if you think about the management teams in place, Michael Angelakis advisory role, but already starting to put his imprint in the company; Steve Croney is President; myself as CFO, we're getting after the cost side in the way that we haven't before.

And not to say that we -- we've been aggressive. I think over the past several years, we've eliminated divisional structures. We've done a lot of things. But we embarked earlier this month on the largest cost transformation in the company's history, so that's sort of going on right now. This will be billions of dollars of costs. I'd frame it more as a transformation. It's not a budget exercise. It is, how do we rewrite the rules in terms of how we do business on the Connectivity and Technology side.

So you'll -- we'll have more to say about that in the third quarter. I would expect that there's some noise about that in the coming weeks. But nonetheless, transformational, and it is sort of three parts. It is eliminate layers to get to much faster decision-making, and there's a huge opportunity there on the cost side. It is, how do you facilitate the type of technology transformation we're undergoing to really get systems processes in place, whether it's internal redesign or whether it's external, like partners, Google, Cresta, Sierra, how do we do that even faster? And then how do we free up even more capacity for growth, right?

I talked about wireless. There's more of a role for us to play. That probably means we've got to go invest more there. But there are -- if you think about edge compute, the amount of data we have in sort of our ecosystem, how do you go monetize that? There's a whole lot of things I would point out to you that are exciting. They're growth-y. They're going to require some investment. So how do we free up capa -- we don't want to be doing incremental. Instead, we want to say, we got a lot of ways to free up capacity in the organization to repoint towards growth. And so, I think you're going to see a lot about this in the coming weeks, but nonetheless, something we're really focused on cost structure.

Michael Ng - *Goldman Sachs International - Analyst*

Great. Thank you for putting that on our radar. In the last few minutes, why don't we get a couple of questions in on Content and Experiences. Maybe starting with theme parks, Epic Universe had a very strong initial performance. It sounded like Q2, Orlando, and international pressures were present. So could you just give us a little bit of an update on what's happening in Orlando? What gives you the confidence that the softness that we've seen in the second quarter is transient? And how is management balancing pricing and promotional levers with cost efficiencies to manage EBITDA margins?

Jason Armstrong - *Comcast Corporation - Chief Financial Officer*

Theme parks are -- they're an incredible business. If you think about -- we're one of sort of two globally scaled experiences businesses that sort of look like that. One is a lot bigger than we are, but we're in a category that's not too far away. And if you think about the breadth of

IP, the differentiated attractions, I mean, you were -- Epic Universe and it was -- it's just a different experience and super creative IP to leverage. And then, the type of destinations that we have: Osaka, Beijing, Hollywood, just differentiated and incredible places and locations to be.

So our starting point is -- and even if you think about sort of the future, future-proof businesses, AI exposed -- it's a -- Experiences category, and especially sort of the durability of these assets, the resonance of the IP, this is a business you'd say, how do we invest more in, right? So I would say that at the broad level, that's how we feel about theme parks.

As you get down into performance, you're right, we started to see in the second quarter, something that we flagged in the second quarter call that if you step back and sort of say, what's the last couple of years' journey been in theme parks, we launched Epic, that did incredibly well. It sort of lifted all of Orlando. It a little bit masked what was going on with international for the past kind of three quarters.

Our international parks, the biggest ones are number one, Japan; number two, Beijing. In Japan, we're in Osaka, geopolitical impacts, so Chinese visitation in Japan has dropped off a cliff. That impacts our Osaka park. We've been feeling that for three quarters. We articulated that the entire way. The Beijing park has seen a little bit in terms of macroeconomic softness. If you look at the Chinese consumer, that's impacted us. And so, what we saw for a couple of quarters was weakness in international, exactly how we were articulating it, more than offset by strength in domestic, in particular, Orlando, right?

So Epic did incredibly well. That sort of lifted all boats in the Orlando market for us, the North campus for the legacy parks, so it did incredibly well there. What we started to see in June was softness in Orlando. And we articulated that on the call. That's the reason we drifted a little bit in the second quarter in terms of performance.

As we move through the quarter, I would tell you, I don't think anything has changed. We're continuing to see softness in that market. And so, it's sort of equal parts, a little bit macro, gas prices, airfare, that's impacting the market a little bit. But also, it's -- there clearly was a pull-forward.

You've seen the park. Epic is a fantastic park. There was a ton of pent-up demand that actually lifted the entire Orlando market for us. You saw that come out of competitors. Obviously, if you rewind the clock a year ago, that was sort of the discussion. Here we are a year later comping against that. And so, I think that's playing a little bit of a role now.

If you step way back, you asked the question, is -- how does that inform future investing? And I would take the lens into Epic, was that a good thing or a bad thing? We're still confident that was the right investment given what we're seeing right now.

The answer is absolutely yes. If you look at a -- I put my analyst hat back on, I look at a two-year stack, how are we doing versus two years ago? Because the pull-forward aspect was what it was. In the Orlando market versus two years ago, we are up materially in every metric, right? So that's attendance, that's per caps, it’s overall financial performance. And we're rating really well in guest satisfaction. So to me, those are the indicators of future performance. That's what we're focused on. So incredibly bullish in the parks over the long term, but you're not wrong. We do have some near-term headwinds.

Michael Ng - *Goldman Sachs International - Analyst*

Great. And then in the last minute as we wrap up, could you just step back and talk about capital allocation from here? The buyback has paused as you work through the separation. How are you balancing investing in the business, making sure the balance sheet is strong and shareholder returns? And then, what's the capital allocation framework that you would expect for both companies post-spin?

Jason Armstrong - *Comcast Corporation - Chief Financial Officer*

Yeah, I think we'll have a lot more to say about this in the coming ultimately months and quarters as we get closer towards the spin. But one thing that may inform this is we've been incredibly consistent in the capital allocation framework that we've had for the business -- for the overall business. And you got sort of the same personalities in the room, one side, the other, so it's known quantities.

But just as a reminder, priority number one is and always has been reinvest in the businesses, right? We've been able to do it whether it's theme parks, whether it's new home formation, whether it's hyper builds into enterprises, smaller deals like the Nitels and Masergys. We've had an incredible experience and sort of really consistent philosophy around reinvesting in the business and having that be the primary driver and first call on capital.

Close 1A is have an incredibly strong balance sheet, right? And that's -- I think we've been incredibly disciplined in sort of saying, here's what we think is right for this company. It's been historically low 2s leverage. Most recent quarter, I think it was 2.3 turns and have a balance sheet that protects you through investment cycles, protects you through capital cycles, economic cycles, potential pandemics. And just have the flexibility to continue to invest no matter what the environment is. That's always served us well. So that's been the balance sheet framework.

And then we've had a really strong capital returns framework as well. We bought back -- if you look at the last five, six years, 20% reduction in our share count, very strong dividend, dividend policy, and we realize how important that is to investors. So we haven't really strayed from that, so I would tell you that overarching framework should inform kind of how we think about life post-separation.

Michael Ng - *Goldman Sachs International - Analyst*

Great. Well, Jason, thank you again for participating in the conference. It's a privilege to have you on stage here.

Jason Armstrong - *Comcast Corporation - Chief Financial Officer*

Thank you. Great to be back.
