



CORPORATE PARTICIPANTS

Michael Angelakis

Comcast Corporation - CFO

CONFERENCE CALL PARTICIPANTS

Ben Swinburne

Morgan Stanley - Analyst

PRESENTATION

Ben Swinburne - Morgan Stanley - Analyst

Okay, good morning everyone. My name is Ben Swinburne, a media analyst at Morgan Stanley. And before we got get started, I've got a quick disclosure to read. Please note that important disclosures including my personal holdings disclosures and Morgan Stanley disclosures all appear as a handout available in the registration area and on the Morgan Stanley public website.

I am extremely pleased and we're very fortunate to have Michael Angelakis, Chief Financial Officer for Comcast here. Michael has been at Comcast since 2007, responsible for all corporate developments, strategic planning, investor relations, internal reporting, external reporting, taxation under financial administrative matters.

Prior to Comcast, Michael served as a managing director and as a member of the management investment committee at Providence Equity Partners. Michael, thank you so much for being here.

Michael Angelakis - Comcast Corporation - CFO

Glad to be here.

Ben Swinburne - Morgan Stanley - Analyst

Probably a few companies at this conference are in the center of what's happening in consumer consumption of media than Comcast particularly given the transaction that you have ahead of yourselves. But I'd like to start out with your core cable business.

One of the themes that has come up over the last several quarters is how you and the management team have navigated through the pricing environment and subscriber growth and trying to balance those two effectively key drivers of your top line. And as you look at 2010, how are you thinking about that balance and how Comcast is executing in that area when you think about the economic and competitive backdrop that you are operating in?

Michael Angelakis - Comcast Corporation - CFO

The key thing that we really look at is profitable growth. So we do balance. There are levers that we have in terms of financial results and market share and so forth. But clearly we are hyper focused on how do we grow the business profitably.

I would say in 2009, in the first half of the year, the leverage was a little bit more weighted towards financial results. We are coming off obviously the financial crisis at the end of 2008 and I think we were a little bit more tighter in terms of how do we manage the business and let's make sure that the financial results are performing.



In the second half of the year, there was clearly -- we I would say course corrected a little bit, still really focused on profitable growth, I think went aftermarket share a little bit more and we're pretty pleased with the entire year of 2009. We really don't particularly focus on quarter by quarter by quarter. We really focus on sort of what is the whole year or over a two or three year period going to look like and what strategies do we set to accomplish the goals and objectives we set out for.

Ben Swinburne - Morgan Stanley - Analyst

You've got two major operational and product initiatives going on at Comcast right now, all digital which you're in the process of and wideband. Maybe you could spend just a few minutes for the audience talking about what those two are, how they are impacting Comcast and how you are executing on them at this point.

Michael Angelakis - Comcast Corporation - CFO

Sure, those are two important and primary initiatives. We obviously have a lot of other initiatives. Let's start with broadband which we now are morphing into wideband.

We were a leader in developing broadband and we I think are a leader in developing DOCSIS 3.0 which is wideband. We executed last year with a plan to roll out wideband in a majority of our markets and by the end of this year -- actually by mid this year, we will have probably 80 to 85% of our market covered and our project will pretty much be complete.

That is a big development for us. It's a meaningful investment. It really leapfrogs us in terms of our broadband product or now our wideband product. And we're really excited of how it has been received in terms of having more speed. It's a real differentiator competitively and I think customers -- you can see from our numbers that we had in the second half of the year that it's really resonating with our customer base.

On the all-digital side, which is also a pretty large initiative, this is really about bandwidth reclamation. It's about providing more services and better services and digitizing a lot of our bandwidth.

We have about 60% of the Company in process right now of digitizing. We will finish that project pretty much end of this year, maybe a little bit next year. We will cover 80, 90% of the entire -- of our footprint.

And our goal is really again similar to wideband, to somewhat leapfrog the competition with a lot more high-definition channels, a lot more ethnic channels, a lot more VOD. We're also supplementing that with things like wireless to go and a variety of other -- I mean High-Speed 2go and a variety of other efforts.

So these are two big projects. We have spent meaningful amounts of capital, about \$1 billion over two years, [sorted out] \$500 million in '09 and about \$500 million in '10. Interestingly, the all-digital effort is a really nice [power wide] business for us because we are bringing down activity levels and adding more services and operationally it just makes us more efficient. So we are pretty excited and the results have been traffic so far.

Ben Swinburne - Morgan Stanley - Analyst

Now that the technology and a lot of the back office behind all that has been put together or is in the process of being put together, you're now launching I believe a big marketing push behind a lot of these products and I think we have a piece you want to show. I don't know if you want to set it up for us so we can run it.



Michael Angelakis - Comcast Corporation - CFO

Sure. We have a platform or a suite of services and as we just talked about, we have two primary initiatives which is wideband as well as all digital. Other initiatives we have are Project Infinity which is literally having VOD to 20,000 movies or titles available for on-demand. We also have been a leader in developing online TV with what we call Fancast XFINITY TV so people can watch video sort of anywhere.

And as I have mentioned, we have been leaders in developing 4G with our High-Speed 2go and we have a whole group of features that we are developing that have been pushing forward. So from an innovation standpoint, and I think from a product position standpoint, we are leapfrogging some of our competitors and we thought it was important to re-brand a bit.

It's still all by Comcast. The Comcast brand is critical to this. But we thought that our product, which you can make an argument is similar to sort of the iPod is to Apple or how Windows is to Microsoft, we think the XFINITY brand is to Comcast. And there has been a push to start it a few weeks ago. So I guess we could roll that now if you'd like.

Ben Swinburne - Morgan Stanley - Analyst

Let's go to the video (multiple speakers) let it roll.

(video plays)

Initiating Comcast XFINITY upgrade in three, two, one. TV, phone, and Internet rebooting. Welcome to the fastest Internet speeds. Triple the HD channels, the most movies and shows on demand and now online. Welcome to more choice, more control more speed and more HD than ever before. Welcome to XFINITY, only from Comcast.

(video ends)

Ben Swinburne - Morgan Stanley - Analyst

Great, terrific that it worked. Maybe just stepping back and looking again at what you're doing with XFINITY, from a customer perspective, and I think you were talking about this earlier, the Bay Area is a market that you're rolling this out on now. What are the biggest changes going to be for your typical Comcast customer in these markets?

Michael Angelakis - Comcast Corporation - CFO

They're going to have double the speed and San Francisco is a good market. We have about 1.3 million customers there.

They're going to get double the speed on broadband, they're going to have the ability to buy services that are 50 Mb if they so choose. We have the ability actually to even increase speeds above those numbers.

They're going to have, as the video said, 20,000 titles on high definition. They are going to have -- when we finish the digital, they're actually going to have more digital channels than they had before. They're going to have a lot more high definition, I think about 100 ethnic channels.

Then hopefully we're going to have Wireless 2go or High-Speed 2go which can be bundled in with the high-speed data service. And there's -- literally we will have some more features related to even programming remotes, DVRs and so forth.

So literally we think the customer experience -- they'll also have by the way, I'm sorry, XFINITY TV online. So if folks want to watch TV on a laptop or on their PC, they can do that.



So it's really setting the platform for a suite of services that are all somewhat interconnected. And I think that experience plus we have made major improvements in customer service and we even have customer guarantee which is another ad we won't show today. So we think that the technology and the platform and the types of products we are delivering are really terrific plus we have made real I think improvements in our service capability and delivery.

Ben Swinburne - Morgan Stanley - Analyst

We talked yesterday and also today at the conference about changing habits in the consumer in watching video online and there's a major industry initiative, TV Everywhere, which Comcast is leading on the cable side. That fits in I believe to your XFINITY approach. Can you sort of talk a little bit about how you're pulling online video into the product offering and how you think consumers are reacting or will react to that addition to the existing product offering?

Michael Angelakis - Comcast Corporation - CFO

It's still all very new. We actually created Fancast which is a service that we have which is online video. We also have worked with our colleagues in the programming side to create TV Everywhere, we tell it Fancast XFINITY TV and people can actually if they choose go there and watch a show.

We just launched it though literally several months ago. It's been really well received. Utilization is growing. But let's just put things in perspective.

A typical consumer watches about 130 hours a month of TV on a TV and they watch about three hours a month on line. Obviously demographic skew some of that.

Importantly, some of the work that has been done also shows that a lot of the online viewing is really about catching up the things that they have missed. So we think online TV is a friend to our company.

Obviously by having wideband or DOCSIS 3.0 deployed, our product is superior to our competitors. So that experience of watching online we think is greatly improved. So we are investing in a variety of areas very carefully and very smartly to make sure that our customers have the types of choices that we are hoping to promote.

Ben Swinburne - Morgan Stanley - Analyst

We talked a little bit in the opening comments, but the NBC transaction is a transformative transaction for Comcast and you were one of the architects of the deal, the pending deal. Could you just sort of update us on the process today, on the regulatory front, and how you are thinking about that going through this year?

Michael Angelakis - Comcast Corporation - CFO

Just taking a back stepped back on NBCU, we have been in the content business. So used to own QVC, we own a number of cable channels now. We own our regional sports network.

It's been pretty clear to us that we have not had the kind of scale that we want to have in that business. We have the scale that we want in our video and broadband and our voice business is getting larger.

So in NBCU, it's an important transaction for us to gain scale particularly in the cable programming side. I also think it's important to note that 80% of -- after this deal closes, 80% of our operating cash flow is still the cable business. So let's not lose the forest through the trees.



Where we are in the transaction is we're just starting the regulatory process. We filed our HSR filing in January. We recently filed our public interest statement.

There's been a number of congressional hearings. There will be one more or so. And we will start to work with the Department of Justice and with the FCC and our goal is to have it closed by the end of the year.

In addition, we are starting to plan. We can be very careful about the rules and regulations of this, but we are thinking about how we plan both administratively and strategically for the businesses.

Ben Swinburne - Morgan Stanley - Analyst

I know as a CFO, you've -- and I've met with you over the years, you've clearly taken a return on capital approach to every decision that you are making at Comcast and instilled that in the organization. When you look at content and distribution, how do you look at those two businesses from an investment perspective and a returns perspective?

Michael Angelakis - Comcast Corporation - CFO

I mean they're all -- they are both very good businesses. We have been in the cable business for a very long time. It's generating really nice free cash flow and we hope we're going to continue to grow that. We don't quite get the market's valuation of our distribution business, but all we can do is really execute day in and day out and grow that business. But we think it's a terrific business and we've got great strategic position.

On the content side, as I said, we have owned it as well and we think it's also a very good business. The secret sauce that we have been able I think to execute a little bit with the smaller assets we have on programming is how do we -- how does content help our distribution business, how does distribution help our cable business, help our content business?

And I think that we are very focused on how to generate that secret sauce. Really importantly though, and I am very focused on our return on capital and what our high IRRs are of whatever internal/external investment we make, the NBCU transaction really has to stand on its own.

And we have been hyper focused on is this a good investment for our shareholders. I think [Mark Heard] before me did a very nice job of how one should look at discipline. I think we look at it in a very similar way, as we're very disciplined, we look at our IRRS. We actually haven't built really any synergies between the two companies and we look at that as real opportunity for us.

Ben Swinburne - Morgan Stanley - Analyst

Great. And then shifting gears a bit, if you think about the competitive environment and also the economic backdrop that we are operating in on the core cable business, there's no question 2009 was a tough year for most businesses. Where do you see us today on those two fronts?

It seems that maybe on the telco overbuild side, the second derivative may be getting better. In other words, we are seeing a little bit less incremental homes from a buildout perspective. Maybe you could just talk about how you're competing with the telcos and also the economy and what you're seeing there. Any improvement you think that could help 2010 over 2009?

Michael Angelakis - Comcast Corporation - CFO

I mean '09 and '08 will probably go into the record books as really tough years. I think what we have seen from an economic perspective is probably some stabilization. I'm cautiously optimistic.



If there's one side that worries me, it's still unemployment and housing formation. Those numbers are persistently still high. But on the flip side, we've seen some real positive dynamics in particularly advertising which is a very good leading indicator that we have been monitoring for a long time.

In '09, advertising went down \$265 million. That's a pretty big number. In the fourth quarter, taking out political, it was actually Unidentified Participant: and I think we'll see some of that follow through into 2010. So for me, I think want the economy looks like is one of stable and hopefully a slow recovery and I think that will have some positive impact on our business whether it's advertising or other areas.

On competition, I think we're competing pretty well. We were talking earlier over the last two years, we have lost video customers. We're now at the end of 2009, we are about 32% overbuild by [the yard box]. That number will go to probably 42% by the end of this year, another 5 million or so homes and that's just the math we do based on what folks have said.

So, we have lost video customers. But again, we don't lose the forest through the trees. We're actually doing better, a lot better on the video side than we were, given their overlap is increasing and we're continuing to add high-speed and voice customers. I think in the last two years, we've added net net after the video losses 4.3 million high-speed and voice customers and those are really good customers for us.

Ben Swinburne - Morgan Stanley - Analyst

One of the things that's happening in the business as you migrate the revenue mix is there's a positive profitability trend. Can you talk a little bit about how that is playing out at Comcast when you look at the Triple Play and also maybe bring in commercial?

Michael Angelakis - Comcast Corporation - CFO

Right now, the Triple Play is an anchor product for us. We have about 28% of our customer base is in our three products bundles. So that is a terrific stat for us and that number has been increasing and that is a big focus for us.

The mix you're mentioning is obviously we have been able to take some costs and get better scale out of our voice business as well as on our data business. So those businesses are terrific businesses, really nice operating margins and we do have some pressure on the programming side on the video. So there is a little bit of a mix shift and our margins have been stable on the cable side roughly 40, 40.5% for a long time and that's with increasing marketing and there's always puts and takes. But overall, I think that margins are pretty stable.

Ben Swinburne - Morgan Stanley - Analyst

On the cost front, you guys have talked about something called Challenge 2010 and I think your quote on the call was hundreds of millions of dollars worth of costs coming out of the business. Can you talk a little bit about where those costs are coming from? And you mentioned earlier on XFINITY that you've invested in customer service. Obviously I think everybody understands how important that is for the cable business. Give us some sense for where the costs are coming from.

Michael Angelakis - Comcast Corporation - CFO

There's puts and takes, right? You have got to be clear about how you're managing your business and we tend to be -- we can be more efficient. We are consolidating some call centers. We are consolidating some warehouses. We are sort of doing process improvements internally.



To me those are hitting singles and doubles that number one, increase efficiency, give better customer service and take costs out of this system. That is just a terrific combination and Challenge 2010 is very focused on doing that which will take some costs out of the system.

Those costs or those reductions, we are investing in other areas. We are investing in business services. We're going to hire 500 people this year in business services related to going a little bit up market in terms of the SME side for companies that have above 20 employees.

So obviously that business is not at scale yet, there's going to be cost there. So we are reinvesting some of those benefits into other areas, wireless and a variety of other places. But net net, the margins are going to be I think again pretty stable. But the key for us on Challenge 2010 is where can we have real process improvement, where can we get improved customer service, where can we bring activity levels down and increase our efficiency.

Ben Swinburne - Morgan Stanley - Analyst

You mentioned commercial and moving up market. Can you sort of talk about what you are seeing from a competitive response, if anything, from the telcos that you compete with in commercial? Do you have -- you hired I think Bill Stemper several years ago to lead that effort. It's probably your fastest growing revenue stream of size right now and a big business that you're building. Can you just talk about the trends there?

Michael Angelakis - Comcast Corporation - CFO

I mean we are really excited about it. It is a terrific business. We are now about a \$1 billion run rate business. Margins are strong. We are investing in this business, both in terms of the small which is sort of 20 employees or less.

That business is growing at -- I think it grew about 48% last year top line. So we feel very good about it. It has a lot of momentum. It's taken time.

We have hired people, we've done it all organically and we think that that market is there for us to continue to penetrate. So that market isn't going anywhere. It was probably one, maybe two competitors and we think we have a better product and we are very focused on penetrating that market and keeping that growth rate.

I think where you're going is — and we were hiring more folks — is we have really focused on the opportunity for companies that 20 employees or less. There's a [whole 'nother] world out there of companies that have more than 20 employees obviously, but we want to be careful, probably less than a couple hundred. So that market we size at 10, \$12 billion and we think we can go after that market and begin to penetrate it as well. So that is a bit of a new effort for us and we are pretty excited about it.

Ben Swinburne - Morgan Stanley - Analyst

Does wireless factor into how you think about serving the commercial market?

Michael Angelakis - Comcast Corporation - CFO

Yes it does. You've got to also just be -- you can't do too much at once and you've got to go for -- [we have the saying], follow the money. And we know there is a very large market with some real pent-up demand with real pent-up demand with real needs for high-bandwidth, really good services and that is in that sort of zero to a couple hundred employee companies.



And I think we're very focused on how do we penetrate that with primarily our core services which is the voice service and the data service. And by the way, we actually do provide video to those customers as well.

We will go into a doctor's office or a dentist's office and the professional will want a video in his waiting room or maybe in his private office. We can clearly provide a hell of a lot more bandwidth than the incumbent can and we can provide a lot of phone lines and other services.

Ben Swinburne - Morgan Stanley - Analyst

And SME is a big investment area (inaudible) take that into the capital intensity arena which is always a big question for cable. Since you've been CFO, capital intensity has come down significantly for the Company. You mentioned wideband and all-digital which are big initiatives for you. As you look out over the next several years, give us sort of the puts and takes for CapEx and how you think about budgeting that over time.

Michael Angelakis - Comcast Corporation - CFO

We think the intensity of our CapEx spend is going to continue to come down. But we are investing I think on a very ROI basis for further growth. We have increased -- I think the number is about 50%, 52% increase in our CapEx just for business services '08 over '09. This is real money that we are deploying into our business services that we know have a terrific ROI.

In 2010, we are investing more in the [metro E] as well as [sow] backhaul and the other areas. Those again are really well measured in great ROI. As you said, we are doing all digital, we're doing wideband.

So we are very focused on how do we smartly invest so that we can position ourselves to be innovators and get great profitable growth, how we started this. But we're doing that I think in an efficient way. We're bringing the intensity down, both in terms of as a percentage of revenue which it's a nice metric.

I look at it as absolute dollars. And absolute dollars is actually coming down as well. I really don't see that changing. There's no cycle that's ahead of us that gives me pause. Our CPE costs are coming down, we are managing those well which is obviously a big component. I feel pretty good about how we're managing CapEx.

Ben Swinburne - Morgan Stanley - Analyst

On CPE, I know that has been a big driver sort of '05, '06, '07 as HD DVR was a big product event of CapEx. And you are going through [Project Cavalier] where you're effectively taking -- moving a lot of your residual analog customers to digital. Can you just sort of talk about that bucket of capital and how that drives the capital intensity moves over the next couple of years (inaudible)

Michael Angelakis - Comcast Corporation - CFO

Just to be clear, we have deployed a lot of HD DVR boxes. I think we are a leader in that area. I think we issued almost like 1.4 million last year, so it's a very large number of HD -- we are delighted. Our customers love HD and they loved the DVR service and we loved having them have access to VOD.

What typically we are doing on the all-digital is we're providing these, we call them [D to A's, small D to A's]. We have deployed at the end of 2009 over 6 million of them and we will deploy millions more.



They have been very reliable, they are terrific services. We are encrypting them, so that's going to help with things like theft and what we call soft disconnects. So that is all built into our capital budget. As I said, I think 2010, doing all the things we're talking about which I think we're pretty unique and innovative, will bring CapEx down. Next year, 2011, you know I'm not making any predictions, but I certainly feel good that we are going to be able to manage CapEx appropriately and the intensity will come down.

Ben Swinburne - Morgan Stanley - Analyst

Great. You mentioned earlier programming costs and that's been a big issue for the industry over the past several years. How are you thinking about that in 2010, 2011? Is there a lot of moving pieces to that cost line as well? Sort of walk us through your thoughts on the programming cost line.

Michael Angelakis - Comcast Corporation - CFO

It's tough. I think that 2009, our programming costs were a bit higher then we expect 2010 to be. We expect them to be a bit lower. But this is an area we're very focused on.

Now part of it is there is a base increase in a lot of these and escalators. You have to deal with that. But also, we are deploying more digital services and more high-definition services and those add cost.

But it's a category that we spend a lot of time on. It's expense management and it's not an easy one to manage. But I think we're doing as good a job as anybody and our focus really is trying to moderate that cost.

Ben Swinburne - Morgan Stanley - Analyst

It sounds like based on your earlier comments that despite the programming costs trends you're seeing, you have been able to manage margins effectively by moving other levers around and that seems to be how you are viewing the future as well.

Michael Angelakis - Comcast Corporation - CFO

Yes, I mean it's hard to isolate just the video business because a customer service rep that answers the phone, are they answering one of our 16 million high-speed data customers, one of our 7 million voice customers or one of our 23, 24 million video customers? So we are looking at it as this is one business and our goal is to grow the revenue base, grow our operating cash flow and grow our free cash flow; knowing we have some negative factors that programming costs, one of the costs tends to be increasing and we've got a whole bunch of positive ones as well.

Ben Swinburne - Morgan Stanley - Analyst

I'm going to ask one more, then we will open it up to the audience. Have to ask the CFO the free cash flow question. As we look out over the next few years, obviously you have --

Michael Angelakis - Comcast Corporation - CFO

The next few years?



Ben Swinburne - Morgan Stanley - Analyst

Obviously you have NBCU ahead of you, so I don't see anything near term. But as you think about use of capital, leverage levels, the size of your balance sheet, how as the CFO are you thinking about those metrics and trying to optimize capital structure?

Michael Angelakis - Comcast Corporation - CFO

Listen, I think we have been very prudent how we've managed our capital structure. We have -- we were the first real cable company to issue a dividend, literally about two years ago. We have raised it twice.

We have been very aggressive in buying back stock. We bought back \$13 billion worth of stock back. We just raised our dividend 40% in December and we've committed to a \$3.3 billion buyback over a period of time.

I think if you add all that up, it's about a 50% payout ratio of our LTM free cash flow. That's a pretty good number. It keeps us in a really strong position which is where we want to be. It also gives us the flexibility but we're returning a real meaningful amount of free cash flow, of our free cash flow to our shareholders, both through a dividend and through a buyback.

Geez, our yield now in the combination of the two is been pretty close to 5% yield. And some of our shareholders want more dividend, some want more buyback. So again, we're trying to balance how we deal with that.

Ben Swinburne - Morgan Stanley - Analyst

Great, let's open it up to the audience and I see one right back there, in the light there.

Unidentified Audience Member

Sort of two related questions. First on the content side, you're talking about TV Anywhere is an initiative and content cost for digital services rising. I'm wondering, is there a separate set of negotiations that goes on for content for your TV Anywhere business? Is that a separate license deal or is that bundled in with the content you buy for the regular cable service?

And then second question is just related to Apple and what they're doing and the rumors of them launching sort of a virtual MSO and what your thoughts are in terms of what Apple could do just as an example of disrupting your core business. Thank you.

Michael Angelakis - Comcast Corporation - CFO

Apple has to do what they have to do. We think we have a great business and we will continue to grow that business. So I'm not particularly worried about it or can really comment on what they're doing.

In regards to the negotiations, the negotiations never stop with some of our content folks and it really is specific to it almost channel by channel. But clearly there's multi-faceted negotiations related to what's on demand, what is online, whether it's TV Everywhere, what's tiered, what's not tiered.

So there is a multi-faceted negotiation or discussion that goes on and the view is from our standpoint, we want to be able to provide a really robust product to our customers on a core video product, complement that with on-demand and complement that with XFINITY or Fancast XFINITY TV. Our view is it is a, as we go through these negotiations, we are encompassing all three of those platforms.



Unidentified Audience Member

Is there anything that it is going to increase? To the extent that you focus on TV Anywhere and Internet television services, that would be an incremental cost of the content or are you getting -- I mean, you're saying (multiple speakers)

Michael Angelakis - Comcast Corporation - CFO

We don't think it's an incremental cost at all. It's more of having access and providing it. So our view is for the costs that we are paying -- and again, this is all how much are you paying versus the incremental where does it fall into.

So our view is we are a customer of a content provider, we will pay certain amounts to that content provider. We want to be able to provide that content to our customers which ever way they choose to utilize it, whether it's on the core video service, whether it is XFINITY TV online, whether it's on Fancast to some degree or whether it's on on-demand and that's really how we are approaching those discussions and had a lot of success with many, many, many programmers.

Unidentified Audience Member

How much of your content is internally produced and what is your strategy going forward in that regard?

Michael Angelakis - Comcast Corporation - CFO

So it's a great question. Today we only -- we own a few cable channels. We own the Golf Channel, we own E! Entertainment, we own G4, we own Style and we own a number of regional sports networks.

There is some originally produced, particularly the regional sports networks, it's all about the games. That is obviously produced by us. We have new shows, pre and post game. On the Golf Channel, obviously we produce a lot.

On E!, we do have a lot of original shows but not as many as sort of a sports element would have. And I think we will figure out how we go forward with -- as we integrate those businesses within NBCU. I think that's part of the discussions we will have internally of how much do we do on our own, how much do we buy from third parties. But right now, particularly in the sports area, we do a lot.

Unidentified Audience Member

Yesterday, I think there was an interesting discussion with Rogers about usage caps and how they worked in Canada. And one of the more interesting comments I heard come out of it was the time it took to set up a system of communication back to their customers to tell them about how their usage is and in fact that very minority amount of customers are hogging up bandwidth. Just wondering what — have you done any work there in thinking about how to communicate that information back to customers and just what your general thoughts are on usage-based pricing and usage caps?

Michael Angelakis - Comcast Corporation - CFO

Yes, I mean right now we actually do have a cap. Very small proportion actually hit the cap. We actually have introduced even meters so that people can understand how much they're actually utilizing.

I think it's a much larger question from a regulatory standpoint, from an industry standpoint, to think about consumption-based billing or user. From our standpoint, we will have that discussion at the right time.



But this is one of the issues that we are to deploying DOCSIS 3.0, is we have lots of bandwidth that we are trying to deploy to our customer base for multi-faceted use. Now there are those people who abuse that system and we do want to make sure the customer experience for all of our customers is appropriate and managed appropriately.

So I think that is a great question. Obviously Time Warner has done some things in Canada. It's a little bit differently than we are exploring, what's the right way should it be over a many year period. I don't see things changing in the short term right now here.

Ben Swinburne - Morgan Stanley - Analyst

Michael, while we wait for another question, we didn't talk about your High-Speed 2go rollout and your Clearwire partnership. How are you thinking about that product offering in the context of expanding the overall broadband pie versus a substitute or a complementary product?

Michael Angelakis - Comcast Corporation - CFO

It's definitely expanding the broadband pie. I think the product is a terrific product. The 4G element of it is pretty robust. We have launched it in five markets. We'll launch more in 2010.

For us, what's been most interesting is the people who are taking that service, a significant proportion of them are new high-speed customers to us. So between 30, 40% of the 4G customers that we sold either dual-mode or single-mode air cards to, those are brand-new high-speed data customers to us.

And the key for us is really bundling that product. So what we are really interested in again is that customer experience where someone can be in the home getting terrific high-speed data service and if they choose, take one of those laptops, but a Comcast air card in for 4G, we actually have dual mode for 3G as well and they can come to San Francisco and utilize the service or when Clearwire gets here. But if they had a 3G card, it actually would work here as well. So, we think it's really complementary to our in-home product; and so far, so good. We will continue to launch it.

Ben Swinburne - Morgan Stanley - Analyst

Which markets have you rolled out so far?

Michael Angelakis - Comcast Corporation - CFO

Portland, Seattle, Philadelphia, Atlanta, Chicago. Those are the five. That was like a test.

Ben Swinburne - Morgan Stanley - Analyst

That was pretty good. Got time for a couple more. (inaudible) solved all questions related to Comcast.

Michael Angelakis - Comcast Corporation - CFO

We did.



Unidentified Audience Member

The second part to my question, when you look at the ROI of your internally produced product as compared with the stuff you buy from the outside, how do they compare?

Michael Angelakis - Comcast Corporation - CFO

If you're talking about sports, it's not even close. Sports is fantastic to -- here in San Francisco, we have a regional sports network; and when the Giants play and we produce that, obviously the ads around that are very valuable. So that is -- sports is a very good business for us in terms of regional sports networks.

Unidentified Audience Member

Brian Roberts was at a conference a couple weeks ago and he said that broadband only services were actually more profitable than, I don't know, core cable bundle or whatever. I just wanted to know what he might have meant by that and if you could, since you're the CFO, maybe walk us through how you made that comment. Thanks.

Michael Angelakis - Comcast Corporation - CFO

I have no idea the context of the question. But I can tell you that our broadband -- I think if you're thinking about a gross margin basis, our broadband business is probably more profitable than our video margin; again, on a gross margin basis. There's a lot of other costs, a lot of other expenses that go into sort of that -- below that gross margin. But the broadband business has been a good business for us.

Ben Swinburne - Morgan Stanley - Analyst

Great. Well thank you very much (multiple speakers) everybody.

DISCLAIMER

Thomson Reuters reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON REUTERS OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2010, Thomson Reuters. All Rights Reserved.

