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John Hodulik *UBS - Analyst*

PRESENTATION

John Hodulik - *UBS - Analyst*

Okay. Alright. I think we're going to get going. My name is John Hodulik, I'm the cable, telecom and satellite analyst for North America here at UBS; and I'm very proud to say our next speaker today is Michael Angelakis, the CFO of Comcast. Michael, thanks for being here.

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Pleasure to be here.

John Hodulik - *UBS - Analyst*

So we've got about 45 minutes for Q&A. I've got a number of questions I'm going to go through and then we can take some questions from the audience. But, Michael, I usually start off by asking what the highlights were for the past year for a company, but let's say, I think it's very clear what your big accomplishment has been thus far, at least your pending accomplishment. So why don't we sort of dig in with that first and just talk about the status of your -- the efforts to buy Time Warner Cable, what's the latest from a regulatory review process?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Okay. But it wasn't important; it was important, obviously, to undergo the Time Warner Cable transaction. But when we really think about the yield, I don't think that -- I think about how we're executing more and I really do sort of want to go back; actually last week was the fifth-year anniversary of when we signed the NBC Universal transaction and it took us 14 months to get the deal closed; and then, in 2013, we actually bought out the other 49%. People forget that, that was sort of the middle of 2013.

John Hodulik - *UBS - Analyst*

Right.

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

So it's really not that long ago when we bought out the other 49% and that transaction has been fantastic for us from a strategic standpoint and certainly from a financial standpoint. The business has just performed incredibly well and our operating cash flow is up about 75% since we bought it; and if you really look at in the individual business segments, whether it's the broadcast, we went from fourth to first; whether it's parks, which has just done phenomenally well; whether it's cable entertainment or the studio, and the studio will have the most profitable year this year in its 100-year history, we're just really excited about how that asset has developed and brought a lot of strategic value to Comcast, and I think that's a really important highlight for 2014 for us. And if you look at the cable side of the business, just continuing to execute and innovate, and really transition our Company from -- to more of a software-led technology platform business with a real focus on innovation and customer experience has been a real hallmark, I think, for 2014 for us. And when we think about the Time Warner Cable deal, in my mind, it has a lot of the similar attributes of NBC Universal in terms of it's really strategically important for us, it's going to help us with some of the scale in certain markets like New York and Los Angeles and Dallas. We think we're buying it right and that we're going to create a lot of value for our shareholders over time.

So, from a regulatory standpoint, we're ten months into this and I think we're hopefully going to get it closed in the early part of 2015, somewhere, I would say, hopefully sometime in the first quarter, probably to the latter part of the first quarter would hopefully be a goal. But I think we have to work through all the issues with the government and FCC and Department of Justice and others, but I'm pretty optimistic that we will get it closed. And I'm pretty optimistic this is a really terrific deal for our Company strategically and financially.

John Hodulik - *UBS - Analyst*

Got you. Have there been any changes to your assumptions around the synergies or cost savings or as you dig deeper into the numbers, are you more confident in how the numbers shake out?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Yes, I'm probably more confident that we can execute well and the reality is when we signed the transaction earlier this year, we said we would get $1.5 billion of expense synergies; and about half of those would come in the first 12 months of closing and then the 25% in year two and the other 25% in year three. As we've gone through the integration process and we have a lot of people working really hard planning the integration, which is very complex, I think people feel more and more confident that those savings will materialize or we'll be able to execute against that.

We also haven't talked too much about what we think are the revenue synergies or the revenue opportunities and we'll do that more and more going forward, but those are clearly there as well. And when we did our analysis, put aside the strategic benefits, we think the transaction benefits, whether they are -- you want to look at them from an IRR perspective or whatever, really made tons of sense for us. We think we're paying about 6.7 times, give or take when you look at the synergies that we think we'll be able to get; and we think this is a premium asset and from our standpoint, we think that's just a terrific price to buy this asset at.

John Hodulik - *UBS - Analyst*

Now, the other sort of regulatory topic that is on people's minds is what's happening? The SEC has released a Title II. First of all, does that potential initiative in Washington change your view of the sort of long-term ROI potential of these or even your existing cable assets?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

I don't think so yet. I think, listen, it's really important, and we say this every opportunity we have and I'm not sure it's resonated well is we are big believers in net neutrality. We are actually the only ISP in the country under net neutrality rule that we voluntarily agreed to as part of the consent decree for NBC Universal. When the President gave his speech and Chairman Wheeler laid out their four principles for net neutrality, we actually have publicly stated for a long time, we actually agree with those principles. So we think those principles which is light-touch regulation make total sense and we're supportive of the rules back in 2010.

Where we think there is a fundamental difference is the enforceability of the regulatory framework that has been talked about under Title II. Title II is a 1934 style regulation and we think it's inappropriate and probably harmful to take a 1934 style of regulation and apply it in 2014 or 2015 to the Internet. I would ask the question for those folks, do you really think the Internet would flourish the way it has over the last 20 years; and many, many companies, some presenting here today, would have actually been developed into such terrific businesses if Title II was the regulatory law of the land 20 years ago when the Internet started. I would beg to differ, I don't think that would happen. So we believe in the four principles the President and the Chairman Wheeler have laid out. We voluntarily have agreed to those under Section 706 and what happened in 2010. We just think the framework is the most -- is an inappropriate framework.

John Hodulik - *UBS - Analyst*

Do you think it would change how you run the business or your ability to lessen your price flexibility, are there any sort of day-to-day issues that you think would change as a result of it?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

I certainly hope not. I think, the devil will be in the detail and it's too speculative right now to sort of make those kinds of decisions. We've heard a lot about forbearance in those kinds of items and we're still quite hopeful that Section 706 or something like that will come about, we'll see. But I think there is more innings to play here, there is more innings on the regulatory side, there is more innings on the political side, there's more innings on the legal side in terms of ultimate litigation and all those kinds of things.

So it's still quite messy and I don't think it's great for our investor group or how people are thinking about investing, I mean, just the nature of your questions, we want to invest in infrastructure, we want to invest in broadband, we want that to be an important part of our legacy in terms of how we invest it and build these kinds of things and Title II just is unfortunately a negative.

John Hodulik - *UBS - Analyst*

Right. Well, let's talk about capital intensity and capital allocation at this point. There is a number of initiatives that you highlighted in your opening comments. But what kind of capital intention should we expect sort of from the pro forma company considering these initiatives that you've been focusing on?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Well, we haven't -- and we'll talk more about that too when we ultimately close the transaction, from a guidance perspective. But I think that the path we've taken over the last three or four or five years, I think, has been very straightforward is we've taken our capital expenditures, our intensity; and we've divided into three categories. We said what is our maintenance capital that requires us to run the business and invest in the business, it really doesn't have a terrific ROI, if any ROI at all. And we recognize that net number has been somewhere in the mid 20s in terms of the percentage of capital. And reality is that I think on a more normalized basis, the expectation would be TWC would be pretty similar to those kinds of things.

Then, we said, okay, what capital is what we call growth capital? Let's make sure we really analyze this, put risk-adjusted to it, risk-adjusted related to execution risk and really go through that in great detail and that's been give or take 70% of our capital budget. And those have terrific returns, whether they're set top boxes or whether they're X1 deployment or business services or wireless gateways, I can go right through the laundry list. And then, we've had a relatively small amount, sort of low single-digit percentages of what areas do we think we want to invest in that frankly if one of our teams put together a spreadsheet, you don't really believe the numbers, but you think that this is an investment for the future.

XFINITY Home, our home security, fell into that bucket five years ago. Advanced advertising is kind of in that bucket where you got to believe addressable linear advertising and digital ad insertion are important areas for the future for us, but can we put a model together that we think makes total sense and someone can put their thumb print on? I don't think the answer to that is yes.

So when we fast forward to some of your question, I think that over time, we're going to see the same kind of intensity on a pro forma basis for cable. The difference is are you focused on intensity, are you focused on opportunity? And my real goal is what's our maintenance CapEx to make sure we have the best network that we are providing into the home in the businesses we serve a terrific network and customer experience and then where are we showing high ROI growth capital and how do we invest in that? And I think you'll see the numbers stay pretty close to where we are today. We may have a little bump because we're going to obviously go all digital within Time Warner Cable, we'll have some network integration, we will spend some dollars doing the things to make it more standardized for Comcast. But I think over the long haul, you'll see the intensity to be relatively the same.

John Hodulik - *UBS - Analyst*

So in terms of the elevation you are talking in terms of consolidating the Company, I mean how long of a transitional period do you think that in?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

I think it's a couple years. I mean I'm not saying that there will be an elevated amount over a couple years, but I think we're being realistic. We need to go all digital. We want to bring X1. We want to upgrade broadband network. So what you see for a Comcast customer in terms of what they have for services, whether it's high bandwidth, 100 megabits of speed or 50 megabits of speed or X1, I think we're going to try to -- and library servers for our video on demand, I think you're going to see us over a couple-year period try to bring those services into the Time Warner footprint, and part of it is related to when we went all digital, this is going back [quite] years Project Cavalry, part of it is our X1 deployment, part of it will be how we deploy VOD and all those kinds of services. So we're -- by the way, we're really excited. We think these are great opportunities for us to provide improved services to the Time Warner customers that exist today.

John Hodulik - *UBS - Analyst*

Great. Lastly, on capital, how should we think about dividends versus buybacks as a new compound?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

It took you how long to get to that question?

John Hodulik - *UBS - Analyst*

(inaudible).

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Did you, okay. [Surprising, I'm going to lead] with that question. This is the time of year and for those who followed us, we have an annual discussion in February on how we think about dividends and buybacks. Our financial strategy with Time Warner Cable involve actually won't change very much. So I think what you'll hear from us in February, we have to go through the process over the next 60 days or so with our Board, a couple of times in senior management is we will have a dividend approach in February, which is going to be very much a business as usual. And our mind is what does Comcast look like for dividend and I think that would be the same, whether it's -- Time Warner closes or not at that point in time. So our expectation today is that we will talk about what our dividend is sort of on a business as usual basis for the whole company. And then, I think we'll identify what our buyback program will be in 2015, again, very much on a what's our business as usual buyback. And then, I think what we'll have is we'll end up closing the Charter-related transactions. We're spending a company where we'll take a dividend and we have a debt exchange. We're selling some of the Time Warner Cable assets. And then, I think we'll end up identifying an additional return of capital probably in the form of a buyback when those transactions close. And we'll deal with that when those transactions close. But I think what we're trying to do is make sure that there is a real consistency in our approach. So whether Time Warner Cable, whenever that happens, we know what our dividend will be, we know what our sort of normalized buyback will be. And then, when certain transactions close, we'll have some excess liquidity, we've always said that that liquidity will be benchmarked against what we call leverage neutral and that we'll return that excess liquidity back to shareholders.

John Hodulik - *UBS - Analyst*

Got you. Okay. Now, I think, we can spend some time on the -- dig into the cable business. You've seen improving video subscriber losses for the past 14 out of 16 quarters, can the video business become a growth business from a subscriber standpoint again?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

I think, we're optimistic, I think you have to be optimistic. If you really think about our video business, I think we have the best-in-class video business. I think X1, I think our VOD library, our EST platform, all the things that we've invested in, I think we have a world-class video product. So we also have, say, 40% to 41% video penetration. And from my standpoint, I think we should do everything we can to compete effectively and have consumers feel like they're getting a best-in-class product. So I'm optimistic that we can continue to improve, we can do it carefully. We don't want to have our customer lifetime value go down, we don't want to sacrifice too much financial benefits for subcount, so it is that very careful balance our team manages of, how do you go after subscriber growth and financial growth at the same time and we want to be very disciplined and very smart and we're pretty patient. We play for the long term.

So I'm optimistic that over a period of time, we will hopefully turn the corner and grow positive subs. I don't know when that is. I think in the fourth quarter, which is coming to a close pretty rapidly, we'll be modestly positive, we have some tough comps. But the reality is we're just focused on being pretty disciplined and pretty smart and trying to improve as we go forward on that subcount. And really the goal is if you can have the best video product and the best price into the home from a broadband standpoint, then, it feels to me like we have a better than fighting chance of going positive at some point.

John Hodulik - *UBS - Analyst*

Now, you've mentioned a couple of drivers there, but one that you had highlighted in the past with some numbers around is X1, is that the biggest driver and do you expect the improvement to be sort of roughly linear with the rollout or penetration of X1 across your base?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

It's interesting. The improvements that we've had over the quarters you mentioned have happened really without an aggressive X1 rollout. So it actually goes back to when we went all digital. When we went all digital, we upgraded our broadband, we upgraded our video on demand, we upgraded our navigation and we started to really focus on making sure we were doing retention right. So it's many different dials.

But I think when we went all digital, we massively improved our video product. And then, we've just kept building on top of that with more VOD, more TV Everywhere, more people being able to access their content inside the home on different devices, outside the home. And then, we're moving to X1 and we're moving to cloud DVR. So we are going to continue to build on that.

So I think X1 is a game changer. It is a real differentiator when you have tens of thousands of on-demand choices. But I think that it's really a variety of things that we're focused on that's going to continue to, I think, improve. And I think the VOD plays a big part of it. We now have the top 100 Nielsen-rated series on our VOD, we have 49 of the Top 100 full seasons on our VOD. So we now have cloud DVR in the majority of our footprint and that will continue to access. We have millions of people accessing our TV Everywhere outside the home and download to go and the number of apps being downloaded is pretty dramatic. So it is a massive team effort, but X1 right now is at the center of helping drive that.

John Hodulik - *UBS - Analyst*

Is the economy helping you in any way? Are you seeing any sort of powerful information in your territories that might also be giving you a little bit of a tailwind?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

I don't think it's done anything material. If you go back to 2007, one way we look at is how much we spent on construction; and if you go back to 2007, you would compare it to just say 2012, we spent literally like 20%, 25%, in 2012, of what we spent in 2007. If you look at 2014, it's higher than 2012, but it's nowhere near what we were in 2007. So I'm feeling a little bit better about the economy overall, though. We're seeing improvements in unemployment, which is helpful. You just need to walk around New York for five minutes and see the amount of construction that's going on here and in other cities. So it feels to me like the economy is starting to grow a little bit more and it can be all sorts of shocks to the system, but I think as we look at budgeting for 2015, which we're basically done, we're forecasting a pretty stable economic environment, but I'm hoping that we will be pleasantly surprised.

John Hodulik - *UBS - Analyst*

What's your latest thinking on cord cutting? Obviously, there's been a lot of noise with CBS and HP and others going direct to consumers and then Sony and Dish expected to roll out their services soon. How do you expect the landscape to change? Maybe do you expect it to change much in the near term and then maybe longer term?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

The landscape is always changing and maybe it's accelerating a little bit, but I think the landscape has been changing or evolving for a while. Netflix obviously is a SVOD player or Hulu and Hulu Plus in Amazon and all these folks over the last few years, and I think we've navigated that well and our real goal is very simple, is to evolve with it, is really to try to meet those consumers' needs; and if a consumer wants to access a video that they really have the ability to access it through our platforms or wherever they are, whether they're inside the house, outside the house, whether they're using an iPhone or whether they're using an Android phone or a tablet or a PC or a big-screen TV, whatever they want.

So it's really been a goal of the Company to assemble the broadest amount of rights that we have, both in terms of linear and in terms of video-on-demand, inside the house, outside the house, and then really going back to your point, use X1 as a bit of the interface. So wherever they want to access those, they can; and cord shaving, cord cutting, is I think still pretty small, but we are competing pretty well and that clearly has helped our broadband business in terms of how people have accessed even YouTube or something to that effect. So our goal is really to provide the best video product we can into a [valve] and try to provide our customers or new consumers with as many choices as possible.

John Hodulik - *UBS - Analyst*

Do you think skinnier packages are going to play more of a role going forward?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Yes, I do. I think that we did that; this is our way of evolving a little bit, as I mentioned and frankly leading. About a year or so ago, we came out with Internet Plus, which is our broadband service with a pretty basic video service plus HBO and that did okay. It was a nice service that we offered at an interesting price point for millennials and I think you'll see us do more of those kinds of testing and working with programmers and trying to figure that out, because the reality is we all have the same customers, right. So the programmers are trying to provide content to our customers who are ultimately their viewers. So I think it's a pretty cooperative effort to try to access that and I think what's happening over the top or what's happening with new services is kind of healthy for us from a broadband perspective and is also helping us think through that you've got to continue to evolve and you got to continue to lead.

John Hodulik - *UBS - Analyst*

Right. Sorry about the programing costs, you've bought a lot of rights.

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Yes, we have.

John Hodulik - *UBS - Analyst*

And as you were saying in trying to serve all the customers, I mean how do you expect -- is that -- was getting all those rights in the home and out-of-the-home a step-up that we should sort of see it slow a bit, the growth that we've seen in the past, or is there more work to do to make sure that you're best able to serve all your customers with video content?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

I think we are garnering all the rights that we need, but you really have some continued pressure on retransmission consent. Sports is still a bit of an issue, renewal is a bit of an issue. I think this year, 2014, we provided some guidance that we've actually performed much better than I thought we were going to do and part of it was just very good management; some of it's a little bit delayed; we'll have a little bit of a bump in the fourth quarter because we launched a few channels, but this is going to be a constant challenge for us, I think. And by the way, it's not like a challenge that has happened over the last two years or three years, this is a challenge that's been going on for a very, very long time. I think from our standpoint, we really are looking on how do we partner with programmers. We really haven't had a lot of fights or we haven't really had any blackouts or those kinds of things because we are most interested in how do we work with the programmers to provide, what I said earlier, as many rights as we can or as many platforms to provide those consumers as many choices as possible, and we recognize that that may have some acceleration in our programming costs, but we've been confident that we can navigate that. We have some positive attributes where we're selling high-speed data and business services and advertising, which have some margin benefits and then we have some others that have a little bit of some negatives. But the goal for us is really to just try to manage those costs the best we can, but it's a challenge.

John Hodulik - *UBS - Analyst*

Right. Now, maybe quickly on RSNs, AT&T and DirecTV purchased Comcast's SportsNet Houston at a bankruptcy, do you guys have too many RSNs or I mean how do you view that as part of that, the [bet]?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

So, listen, that was an unfortunate situation for us, but I think that not every market or not every RSN is created equal. We have 12 RSNs; they are good, solid businesses; they're doing well. The reality is we had one issue in Houston and it didn't work out the way we hoped it would work out in all honesty, but we've got many, many more that are working out very well for us. They are important for -- and when we look at it on an enterprise-wide basis because all of our RSNs are branded Comcast SportsNet. So when we merged those assets with NBC Universal, they remain Comcast SportsNet. So they're really important to the local community. I live in Philadelphia, having the Phillies and having the Flyers and the Sixers on one, SportsNet's important in Chicago and [even Bay] San Francisco. These are really important assets and markets. And for us, it's a little bit of offense and a little bit of defense at the same time and we love the idea that they are solid businesses too.

John Hodulik - *UBS - Analyst*

I was going to make you talk about the Sixers, but I'll leave that for (multiple speakers).

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Go for it. We don't own the Sixers and what can I tell you. I -- don't make a joke.

John Hodulik - *UBS - Analyst*

Okay. Maybe just quickly on broadband, the --

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

I'm from Boston, so how about those (inaudible)?

John Hodulik - *UBS - Analyst*

(multiple speakers). I'm a Giants fan, so I don't want to -- anyway, we'll talk later.

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Okay.

John Hodulik - *UBS - Analyst*

Yes. On the broadband side, again, the -- we had Time Cable here earlier, they talked about a usage-based pricing and slowly moving the market in that direction. Given all the video that's being consumed in or online more and more every day, I mean how do you feel about your ability to monetize that infrastructure and sort of drive pricing along?

John Hodulik - *UBS - Analyst*

The broadband business, it's a terrific business for us, but it goes a little bit towards the conversation related to -- you were thinking about the Giants or something --

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Yes.

John Hodulik - *UBS - Analyst*

Can you talk about that?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

[Smart plus].

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Didn't mean a plus to you. In all honesty, we've made massive investments in our broadband network, and we went to DOCSIS 3 years ago in deploying DOCSIS and we have continued to deploy fiber and split nodes and all those kinds of things that go back to one of our important principles is have the best pipe going into the house. And it's pretty obvious in our mind going back several years that people want to watch ESPN clips on their laptop, I know my 15-year-old son, in the morning, wants to watch ESPN clips, video, SportsCenter at 7 o'clock in the morning, to see what happened with the team last night. To have that go on, you need to have a robust broadband pipe. And if you want to have Netflix, you want to have Amazon, you want to have Hulu, Hulu Plus, you want to ultimately have -- you need to have a robust pipe and we've made those investments, and I think that is a real differentiator. We've added more than a million broadband customers every year for quite a number years. It's been our number one revenue driver in terms of our broadband business and it goes back to a careful balance of how do you increase speeds and we've increased speeds 13 of the last 12 years and how do you increase pricing to represent that and how do you grow market share all at the same time. So, we're happy to make more and more investment in our broadband business because it's our number one growth driver. And you see a lot what's happening in the industry is helping fuel that investment. So, we're very optimistic on how we think the broadband business will develop over the next two, three, four, five years.

John Hodulik - *UBS - Analyst*

And so, I think, your second largest driver is the commercial space?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

No, but before you go there though, also Wi-Fi is playing a role in that now, right?

John Hodulik - *UBS - Analyst*

Right.

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

So when we thought about Wi-Fi, we really looked at it as an extension of our broadband businesses. It's an extension of people who want to have a laptop, I mean, either a laptop or a tablet and walk around their home and watch live streaming or they want to be able to be in suburban station, Philadelphia or other locations to be able to use their laptops or watch what's on that's downloaded from their DVR. We want those things to happen. So we are investing in that broadband, investing in that Wi-Fi and it's I think it's worked out quite well for us.

John Hodulik - *UBS - Analyst*

Yes, because you talk about that, maybe that's a good segue in terms of your wireless strategy. Right now, it's based around Wi-Fi.

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Yes.

John Hodulik - *UBS - Analyst*

And then, potentially public-private Wi-Fi nodes.

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Yes.

John Hodulik - *UBS - Analyst*

Does that -- maybe talk about the strategy and how that drives your business as it is today, and then how do you see that evolving? There's a lot of people [that familiar about] eventually may lead you into sort of a more traditional wireless-type configuration.

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

I think the second part of your question is to be determined, but really the first part is where we've invested in Wi-Fi is our people, our customers who are broadband customers accessing Wi-Fi, how frequently they do it, what are they doing, are they have a higher CLV, so they have a lower likelihood of churning, what are some of the numbers. And it's pretty clear to us that the majority of Wi-Fi usage is in the home, so not only do we want to have the best pipe in the home, we want to have the fastest Wi-Fi. So this year, we've deployed, I think, just under 11 million wireless gateways this year throughout our footprint. And we'll have roughly 8 million Wi-Fi hot spots in home, out of home. And our view is that's an extension of our broadband product, that's for people who can use tablets and laptops and roam around their home or roam around their office or in public locations. And that's a benefit of being an XFINITY broadband customer.

The second part is really a Wi-Fi-first question and a lot has been written about it. And I think that we have no news to make here, but I think it's something that we are clearly evaluating, spending time on. Can voice really work well over Wi-Fi, can it roam in terms of -- can it pop different things? I think you know, we have MVNO agreements, which we have not activated with Verizon and Sprint. So this is a project that we are spending some time on, but I don't think there's really much to report today. But you got to believe that the trend is sort of in your favor from a technology standpoint.

John Hodulik - *UBS - Analyst*

Right. Now, going back to the business services side again, broadband is the largest growth driver business. Number two, how long can you maintain the sort of double-digit growth that you've seen which is very strong? And then, I would -- the business is going evolve, especially after the deal, you would be moving up market. How long do you think it takes before you start to see the benefits of that broader footprint within that service line?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

So it's a huge opportunity for us and we are very excited about that opportunity. If you think about where we started this business seven or eight years ago, and now we have a $4 billion revenue business growing in the 20%, give or take, with accretive margins and real free cash flow or conversion of free cash flow, and you think about the small side, which is the really sort of under 20 employees, you probably have 20% market share, 25% market share, depending on how you really want to size that addressable market. And then, you move up a little bit to sort of the mid-size market and we probably have 5% market share and then, you move up to the larger and we literally have zero percent market share. And these are very big areas where we have great infrastructure, great products, great technology, no legacy systems. And I think we have a very good plan over the next three years to take each of those segments, the small side and continue to grow and gain market share, which has its own sort of sales team in provisioning. And then, the medium size where we've really just gotten started with 5% market share and how do we build that over the next three or four or five years.

And then, yes, we will start to develop more on the enterprise side. And I think Time Warner Cable, that integration helps with that. It helps from having larger markets and we have someone who's in New York and has an office in Philadelphia. That's kind of [Coogi]. And when the transaction is done, it's pretty smooth and easy and we can serve those types of customers pretty simple. So this is a tremendous opportunity for our Company, and we're putting a lot of capital and resources and human energy, we've got some -- hired some terrific folks for that group. So I think it's a great opportunity for us and I think it's a great opportunity for Comcast today. I think it gets turbocharged a little bit when you have Time Warner Cable.

John Hodulik - *UBS - Analyst*

And do you believe, after the Time Warner Cable deal, you have all the sort of pieces to the puzzle you'll need or are there other M&A -- or other deals that could be done? We've seen some acquisitions by cable companies and Comcast and so.

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Oh, SIMCO?

John Hodulik - *UBS - Analyst*

Yes. Exactly. SIMCO or DukeNet on the other side (multiple speakers).

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Yes. SIMCO was done, I don't know how many years ago, it feels like it was five years ago or so, four, five years ago and it was very, very small. It was kind of a unique situation in the Chicago market, I think that we are really focused organically. We don't want legacy technology. We don't want a lot of off-net. We don't want legacy provisioning and customer conversions on systems. I think when you have 20%, 25% market share with better products in the small side, 5% market share on the media side and zero percent market share on the enterprise with all that organic growth and a lot of the infrastructure in place. That's not the time in my mind to go look at transactions, that's a time to build that business organically. And the team that's running that, Bill Stemper and his whole team, have done a remarkably good job and I think they are laser focused on organic growth. So I wouldn't count on us to do anything meaningful in that particular space.

John Hodulik - *UBS - Analyst*

Got you. And [that's okay] before we flip over to NBC. How big of an opportunity is the home monitoring business? There's a lot of guys sort of talking about it, but is it something that you think can add measurably to the growth of the Company?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Add measurably to the growth of the Company. I think, I don't know the answer to that yet. But the reality is four singles equal a run. And from our standpoint, 60% of the XFINITY Home customers have never had a Comcast relationship and the vast majority of those take four products. And if you look at the business case for XFINITY Home as it is, not that lift of incremental services, it's still a pretty attractive business. Then you go, well, where is the Internet of Things going, we're deploying WiFi in the home, we have a platform for XFINITY Home, which is pretty impressive, I personally love the service that's in my home. I think this is a really interesting technology platform that can certainly develop into more for us.

As it is today, we're selling security and home monitoring into two baskets, one is sort of control, one is monitored non-monitored. I think the business involve over time to be much more than just a security business. And I think we're really focused on the technology. We're really focused on how we bring new people into the Comcast relationships, how they use WiFi and broadband. So I feel pretty good about that business right now, it's not a big business today, but it's growing nicely. And as we look at 2015, we're going to continue to invest in.

John Hodulik - *UBS - Analyst*

Over to NBC, obviously, in your prepared remarks, NBC has come a long way. And one of the particularly bright spots has been broadcast. How far along are you guys in closing the monetization gap with peers at this point?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

I think we still have aways to go. I mean there's really two parts to a monetization gap. One is on the advertising side and one was on, if you are just talking about broadcast right now, one is on retransmission consent. I think that we are making great progress on both. We now -- when we were four, we're Number 1, that takes time to develop. We had a pretty good upfront in comparison to our peers this year. So I think we have -- I think it's great to have real progress measurable progress, I think we have some ways to go.

On the retransmission consent side kind of the same, is not a lot of big contracts have come up. We've had about, I think, 25% or 30% of the base. We've knew that kind of numbers, we're very happy with. It's going to take a few more years to get through those contracts that have other folks in it. But retransmission consent is if you can just mark to market, I think that's kind of where we'd be happy with. So I think both are real progress and hats off to our team that's done a really nice job of taking our ratings from fourth place to first, that certainly helps when you're trying to sell advertising and trying to close monetization gaps, it certainly helps when you're selling for retransmission consent and you've gone from fourth to one. You have some great programs on. So the broadcast network was losing money when we bought that. I think you're aware of that, and I think that turnaround has been meaningful for us and we're proud of it, but at the same time, we know we have a lot more work to do.

John Hodulik - *UBS - Analyst*

Now, on the CableNet side, ratings have been under pressure. Do you see this as a near-term issue? Are you seeing acceleration of secular trend as consumers watch?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Yes. I mean there is real pressure on cable networks in general, not just dollars on a lot of different folks. I think that Steve made a comment on our earnings call that these are still -- they're just not going to grow as fast. And I think these are great businesses. We have great franchises. We saw really -- I think you think about CNBC and [MSC] and go right through the list of our franchises in our national channels and they are terrific businesses, high free cash flow conversion. They just may not grow as fast as they were five, six, seven years ago. And there is going to be some fragmentation and that's part of that evolution that we were talking about earlier. And it's our challenge to react to that to make sure that our shows are excellent shows. That's really easy to say, really hard to do and that we're aggregating audiences, whether they are audiences that are watching linear or they're watching VOD or they are watching online or they're watching on DVRs, how do you aggregate and measure those.

So we have some challenges that we have to figure out. And those are the challenges that I think our teams are up for and the good news is we have great franchises. They are very well positioned and they are very profitable with high free cash flow conversion and we're going to manage them a bit better.

John Hodulik - *UBS - Analyst*

Got you. Now, Theme Parks are another bright spot. Can the Harry Potter franchise single-handedly change the growth profile and profitability of that segment?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

I love Harry Potter. You have to go back to Harry Potter I, which I think launched in June of 2011 if I remember correctly. I do think that Harry Potter in Orlando, the first one, did change the dynamic of that park. We were in a lot of ways fortunate to have bought the parks when Harry Potter was being built and then launched. And the team has done, I think, an exceptional job in devising Harry Potter in Orlando. And now, we have Harry Potter II, which is also in Orlando and opened up in July and one thing I think they've knocked the cover off the ball. I've been there a couple of times and it's just so well done. They have created Hogwarts Express to connect the two parks and we have a lift in dual-park tickets, because if you want to access both.

The customer satisfaction numbers at the hotels and visiting the park have been extraordinarily high. So our attendance is way up, our per capitas are way up and satisfaction is very high. So this is about great IP, but really wonderful execution. And I think the team has done a great job and obviously that park had $300 million or $400 million of operating cash flow and now it's -- we're over $1 billion for our park group. And we're going to continue invest. We've built some more hotels. So I do think Harry Potter has been important.

We've had Transformers and Despicable Me and King Kong and whole other attractions as well, but really a flash point of success has been Harry Potter. And we have that in Los Angeles. That will open up in the next few years. We're building it now. And we're pretty optimistic of how that will be in LA too. So again, if you're investing behind people who can execute and that team has done a great job.

John Hodulik - *UBS - Analyst*

Okay. Lastly, on NBC, the film business, you've delivered number of -- Number 1 this year and strong cash flow growth, how should we think --- where do you go from here really it's a question? I mean I think seven number one, great growth, I mean it's with not a lot of ten-fold. Next year is really when the film slate looks like it's --

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Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

This has been an interesting year for film. We had seven number ones. We will have the most profitable year in the 100-year history of Universal. And fast forward to next year, we have some great sequels. We have Fast 7. We have Minions. We have 50 Shades, not a sequel, 50 Shades, Jurassic Park. So again, I think that team has really solidified the slate. And I think we've been very thoughtful in what I call sort of slate construction in terms of how we think about risk-adjusted slate for sequels and cost of the films and how much marketing we're putting behind it and how we green light. So the team has I think just done a very solid job. In 2013, there was some spillover. We had some wonderful movies in 2013 that had some spillover in 2014 and we have one other movie this year coming up, which is unbroken in the next couple of weeks, that's coming out. So the team is again executing very well with putting that slate construction together for 2014 which has yielded just great results and I think everyone is quite hopeful that when we think about 2015, sequel, these are great sequels and some nice movies that don't cost a ton of money that hopefully will resonate with audiences. So it's very hard to be predictable on the film business. We all know it's a hit-driven business. But I think we're trying really hard to think about how we manage the risk of that business and still play offense to generate very meaningful operating cash flow.

John Hodulik - *UBS - Analyst*

Great. So we have some time to take some questions from the audience. John here in the middle can lead us off. There are some microphones working their way around the room.

QUESTIONS AND ANSWERS

Unidentified Audience Member

Micheal, would you just reiterate for us, because now I've forgotten about it, what is the expected expense synergies in the first year and then in the Q3 for fourth year?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

So how are you, John? Haven't seen you for a while. So when we sign a deal, we're very consistent as we think, on the expense side, will take about $1.5 billion of expense out of the combined entity and we believe it will take about $750 million of that. So roughly half in the first 12 months. A lot of it is duplicated operations, some network stuff, a whole variety, it's not one big thing. Programing is not a huge component, that's not the majority of that. Some people think it's programing, it's a whole variety of things.

And then, we'll probably be able to get 25% of that number out in the next 12 months and the other 25% in by the end of year three. And we also think, which we didn't talk about, that there is probably around $400 million of CapEx savings that we think we'll be able to garner. When we look at our capital budget and Time Warner's, you can put them together, what can we do from an overlap perspective, we think there are some real savings there as well.

John Hodulik - *UBS - Analyst*

Any other questions? There's one up here in the front, but before that, I've got a quick question. There's obviously another big deal out there in the market that's undergoing the regulatory process, AT&T, DIRECTV, two of your biggest competitors combining. Any sense on or what's your view on how that does or does not change the competitive environment?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

I don't -- I mean they are both very good competitors. I don't think it really changes the environment very much. Listen, they are two very good companies, well managed. They've been tough competitors of ours on both sides and I think we'll continue to compete pretty vigorously with them. So obviously, we did our transaction before they did theirs and when they did theirs, we said okay, we're going to compete.

[There's one] had a question over here. Yes, sir.

Unidentified Audience Member

(inaudible -- microphone inaccessible).

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Right. So the question just so for those there is no microphone is are skinny bundles particularly on campus? So it's really two questions, one is we've deployed in a number of campuses that's called XFINITY Campus or is an all IP-enabled service with roughly 80 channels of linear television and all the VOD and so forth that would go with that and it's really to provide an experience for college kids who can use their laptops or tablets and get all four broadcast channels and get sort of a pretty darn-good suite of services and we're working with college campuses across the country on that. It's been very well received. We're going to continue to deploy that.

Typically, we would have both transactions with some universities and some would require set-top boxes and I think we all know that's not exactly where the 19-year-old is going today.

So our team did a terrific job of really putting X1 all-IP sort of some of the more channels that that audience would want, be able to deliver it to the campus and have them use really different kinds of devices to watch the service. So, it's still pretty early, but I would say people are pretty excited about it and we have a whole team working with campuses and colleges on that product.

Unidentified Audience Member

(inaudible -- microphone inaccessible).

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

I think it's still a little while. I think it's a huge opportunity for us on colleges right now. I think it's a confined area in terms of a campus. I think if your question is, do we see us going more and more IP over time? I think the answer is absolutely. Lot of our VOD and some of our things we're dealing with cloud DVR is all IP. So I think that trend will continue. But I think the product won't be exactly what that product is that we're talking about campuses right now.

John Hodulik - *UBS - Analyst*

Great. Any other questions? One here in the front, under the wire.

Unidentified Audience Member

(inaudible -- microphone inaccessible).

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

So the question is, and I'll just repeat it, because these folks make sure I got it right. Do you see us integrating some of the over-the-top services on our X1 Platform? I think that's to be determined. I think that we're open to that to be honest with you, we're very open to having the X1 Platform be a point of focus for the consumer to access over the top programming or what I would call regular cable programming or even broadcast programming. So we've talked about a little bit. We've got lots of priorities we're dealing with and lots of rollout and technology revs. But I think conceptually, we're pretty open to that kind of my development.

John Hodulik - *UBS - Analyst*

Okay. Michael, I think, that's all we have time for. Thank you very much for being here.

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Okay. [Thank you].
