PARTICIPANTS

Corporate Participants

Marlene S. Dooner – Senior Vice President-Investor Relations
Brian L. Roberts – Chairman, President & Chief Executive Officer
Michael J. Angelakis – Vice Chairman & Chief Financial Officer
Neil Smit – Executive Vice President; President & CEO, Comcast Cable Communications
Stephen B. Burke – Executive Vice President

Other Participants

Douglas Mitchelson – Analyst, Deutsche Bank Securities, Inc.
Jason S. Armstrong – Analyst, Goldman Sachs & Co.
Jessica Reif Cohen – Analyst, Bank of America Merrill Lynch
Craig Eder Moffett – Analyst, Sanford C. Bernstein & Co. LLC
Jason Boisvert Bazinet – Analyst, Citigroup Global Markets (United States)
John C. Hodulik – Analyst, UBS Securities LLC
Benjamin Swinburne – Analyst, Morgan Stanley & Co. LLC
James Maxwell Ratcliffe – Analyst, Barclays Capital, Inc.
Stefan Anninger – Analyst, Credit Suisse (United States)
Marci Ryvicker – Analyst, Wells Fargo Advisors LLC

MANAGEMENT DISCUSSION SECTION

Operator: Good morning, ladies and gentlemen, and welcome to Comcast's Second Quarter Earnings Conference Call. [Operator Instructions] Please note that this conference call is being recorded. I will now turn the call over to Senior Vice President, Investor Relations, Ms. Marlene Dooner. Please go ahead, Ms. Dooner.

Marlene S. Dooner, Senior Vice President-Investor Relations

Thank you, operator, and welcome, everyone, to our second quarter earnings call. Joining me on the call here in Philadelphia is Michael Angelakis, and joining us from London are Brian Roberts, Steve Burke and Neil Smit. As we have done in the past, Brian and Michael will make formal remarks and Steve and Neil will also be available for Q&A.

As always, let me refer you to slide number 2, which contains our Safe Harbor disclaimer, and remind you that this conference call may include forward-looking statements subject to certain risks and uncertainties. In addition, in this call we will refer to certain non-GAAP financial measures. Please refer to our 8-K for the reconciliation of non-GAAP financial measures to GAAP.

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

Brian L. Roberts, Chairman, President & Chief Executive Officer

Thanks, Marlene, and good morning, everyone. I am here in London, and this is indeed a most exciting time for all parts of the company, Comcast and NBC Universal, and we are off to a fantastic start with the Olympics.

At NBC, we are achieving record-breaking ratings and as you know, we have significantly expanded coverage so viewers have more choices than ever to watch the Olympics across nine broadcast and cable channels, on TV and online in English and in Spanish. If you are Comcast Cable customer we are making available every minute, every medal on every screen, really making TV Everywhere a reality for our customers, many for the first time. We are seeing record numbers on every channel, On Demand, on the Internet and on mobile. This reality is a huge technical undertaking, and I have to say, I am thrilled so far.

I am equally pleased to report solid operating and financial results for the second quarter, driven by another outstanding quarter in cable, with revenue and operating cash flow growth of about 6% and cable free cash flow of $1.3 billion. High-speed Internet and business services continued to power cable's growth in the second quarter, and we kept up the trend of improving year-over-year customer performance. We reduced video subscriber losses by 62,000, which is our best second quarter in four years and the seventh quarter in a row of improving video results. We believe we can continue to make steady progress on subscribers with our focus on technical and product leadership, on transforming the service experience and on accelerating innovation. High-speed data net adds of 156,000 grew 8% and voice had a really good quarter with 158,000 net adds as well.

Cable also maintained its momentum in new product delivery. Our XFINITY home product is now available in 95% of the footprint, adding another growth opportunity for cable. We are now also marketing Skype on XFINITY nationwide. We more than doubled the reach of our cross marketing partnership with Verizon Wireless to 21 markets. In June, we expanded our X1 cloud-based guide to our first major market, Boston, and just this week we are launching in Atlanta with a plan to be in five major markets and deployed in hundreds of thousands of homes by the end of this year.

We are also continuously enhancing our existing products, increasing the video content choices available on products like Streampix, which now offers twice as many titles as we had when we just launched in February and increasing the speed of our high-speed Internet services at no additional cost to our customers, the seventh increase in nine years where we have done this for our customers.

By enhancing our products, improving the customer experience, accelerating the pace of innovation, we have been bringing our new XFINITY brand to life. We are now ready for the next phase of XFINITY, which will highlight new innovations, more cross-platform functionality and even better user experience.

We launched our new XFINITY advertising campaign during the opening ceremonies of the Olympics, really defining for our customers and non-customers the XFINITY brand promise. As we deliver new entertainment and communication experiences, we call it: XFINITY, the Future of Awesome. We think this will resonate, because it reflects how our customers use, and enjoy and respond to our product.

Let me now switch to NBC Universal, where we also continue to be very positive about the future. Whether it's the cable channels we broadcast, theme parks or film, our goal is to make all of these businesses more valuable. Clearly there is more quarterly variability in the results of NBC Universal than the rest of the company, and for the second quarter NBC Universal's results came in as we anticipated.

Michael will take you through all the details, but after a 34% increase in cash flow in the first quarter, the combination of tough comparisons related to content licensing, program expense timing and disappointing performance in our Film business resulted in a 15% decline in operating cash flow for the second quarter. So when you look beyond the quarterly fluctuations to the first half of the year, NBC Universal grew revenue by 8%, operating cash flow by 2% and generated $1.1 billion of free cash flow.

The entire company is executing really well across a lot of different businesses. But I guess being here in London, I feel even better about the future of our company. Ad sales are strong and we are having an absolutely record-breaking Olympics. Affiliates are pleased and carrying our channels in more homes than ever before and the consumers are winning with XFINITY's new technologies and getting more value than ever for their subscriptions. Comcast really is in a unique position to make all this possible.

Let me now toss it over to Michael to go into the financials of the second quarter in greater detail.

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

Thank you, Brian. Good morning, everyone. Let me begin by briefly reviewing our consolidated financial results starting on slide 4.

Overall, we are pleased with our second quarter results, which reflect sustainable and profitable growth as well as the fundamental strength of our core businesses. Second quarter consolidated revenue increased 6.1% to $15.2 billion and operating cash flow increased 4.2% to $5 billion reflecting strong organic growth in our Cable business, as well as consolidating the remaining 50% of Universal Orlando as of July 1, 2011.

Free cash flow for the quarter, which excludes any impact of the economic stimulus, increased just over 2% to $1.6 billion reflecting growth in consolidated operating cash flow and improvements in working capital partially offset by higher taxes as well as higher capitalized software and intangible asset expenditures. Our Cable Communications and Corporate and Other area accounted for $1.3 billion or 86% of total free cash flow and NBC Universal contributed $218 million or 14% of consolidated free cash flow. Free cash flow per share increased approximately 6% to $0.57 per share.

Earnings per share, for the second quarter, grew 35% to $0.50 per share versus $0.37 per share in the second quarter of 2011. Excluding a $137 million non-cash, non-recurring income tax charge in the second quarter of last year, our normalized EPS increased 19% in the second quarter.

Now let's take a look at the pro forma results of our Cable Communications and NBC Universal businesses on slide 5. As you know, we believe the pro forma presentation provides a more meaningful comparison of the operating performance of the businesses. Therefore, pro forma results are presented as if NBC Universal and the Universal Orlando transactions were both effective on January 1, 2010.

For the second quarter of 2012, consolidated pro forma revenue increased 3.5% to $15.2 billion and consolidated pro forma operating cash flow increased 1% to $5 billion. Year-to-date, our pro forma revenue increased in excess of 6% to $30.1 billion and pro forma operating cash flow increased 5% to $9.7 billion.

For the second quarter, Cable Communications was the primary growth driver as revenue increased 6% to $9.9 billion and represented 65% of our consolidated revenue while Cable operating cash flow grew 5.5% to $4.1 billion and represented 82% of our consolidated operating cash flow.

For the second quarter NBC Universal had a relatively flat revenue of $5.5 billion and NBC Universal operating cash flow decreased 15% to $982 million. As Brian mentioned and I will detail later, second quarter NBC Universal results were impacted by difficult comparisons related to the timing of content licensing and sports programming as well as the underperformance of our Film segment. However, on a year-to-date basis, NBC Universal's revenue increased approximately 8% to $11 billion and operating cash flow increased just shy of 2% to $1.8 billion.

Let's move to the next slide to review Cable Communications results in more detail. We had another strong quarter of financial and customer growth in our Cable Communications business. For the second quarter, Cable revenue increased 6% to $9.9 billion reflecting growth in our residential businesses, continued strength in business services and solid growth in advertising. As a result, total revenue per video customer increased 8% to $149 per month.

Also contributing to this growth is the increasing number of customers taking multiple products. At the end of the quarter, almost three-quarters of our video customers took at least two products and almost 40% took all three services versus 35% in the second quarter of last year.

Despite the typical second quarter seasonality in many of our Cable markets, we experienced strong growth in customer metrics and continued to show year-over-year improvements in our results. Combined video, high-speed Internet and voice customers increased by 138,000, a 40% increase in net customer additions compared to the second quarter of 2011.

As Brian mentioned we once again reduced our video customer losses. In the second quarter we lost 176,000 video subscribers, a 26% improvement from the second quarter of last year despite a telco competitive footprint that has increased and now stands at approximately 40%.

Our second quarter video revenue increased 2.8% reflecting rate increases and an increasing number of our customers taking higher levels of digital and advance services. In the second quarter, we added 67,000 advance-service customers and deployed 563,000 advance boxes and now have 11.2 million HD and/or DVR customers, equal to 54% of our 21 million digital customers.

In addition to the improved video results we added 156,000 new high-speed Internet customers during the quarter marking the twelfth consecutive quarter we have gained share by differentiating our products through service and speed enhancements. High-speed Internet revenue was the largest contributor to cable revenue growth in the second quarter with revenue increasing 9%, reflecting rate adjustments, continued growth in our customer base and an increasing number of our customers taking higher-speed services.

At the end of the quarter our penetration was 36% of homes passed and 27% of our residential high-speed Internet customers take a higher-speed tier above our primary service.

With regard to voice, revenue increased just over 1% for the quarter reflecting continued growth in our customer base as we added 158,000 voice customers. And our performance over the last three quarters has improved as we have increased our triple play conversion metrics. At the end of the quarter our penetration was 18% of homes passed.

We continue to see real momentum in business services, which was our second largest contributor to Cable revenue growth in the second quarter with revenue increasing 34% to $582 million. The small end of this market, or businesses with less than 20 employees, now accounts for 85% of business service revenue and is a meaningful driver of growth. Mid-sized business revenue now represents about 15% of revenue and is growing faster but off a smaller base.

Cable advertising revenue increased 7.6% reflecting higher automotive advertising and political revenue as we begin to benefit from advertising for the upcoming elections. Excluding this political revenue, our core cable advertising increased 4%.

Please refer to slide 7. Second quarter Cable Communications operating cash flow increased 5.5% to $4.1 billion representing a margin of 41.4%. In the second quarter total expenses in Cable increased 6.3%, primarily reflecting higher video programming and sales and marketing expenses, as well as additional costs to expand the capabilities of business services and other new initiatives.

Programming expenses increased 7.9% in the second quarter as we continue to expand the amount of content we provide to consumers across multiple platforms. For the first six months of 2012, our programming expenses increased 6.7% and for the full year we expect programming expenses to grow at high-single-digit rates.

In addition, sales and marketing expenses increased 9.7% as a result of higher overall media spending to enhance our competitive position in both our residential and business services. As we begin to market new products like XFINITY Home, XFINITY Signature Support and Streampix. We have also increased our investment in direct sales to more effectively target potential customers. We continue to offset these increased expenses through efficiencies and an improving product mix, as well as increasing number of our customers upgrading to higher tiers of services, such as HD-DVRs or premium Internet tiers.

In addition we remain very focused and believe we can continue to gain efficiencies in our customer service and technical operations. We have reduced our truck rolls by more than 8 million in the last two years, even as we added 2.8 million total new customers. Our service is improving and customers are electing more self-installations, which increased by approximately 65% in the second quarter.

We expect that nearly 30% of our installations will be performed by our customers during this year. In addition we now have about 25% of our customers managing their accounts online and we expect our customers to log 1 billion self-service transactions this year: everything from reviewing and scheduling appointments, getting self-help information and tools, paying bills or purchasing our services. All of these improvements result in a better experience for our customers, lower activity levels and efficiencies for our cable operations. Overall, our second quarter results for Cable clearly demonstrate that we are executing well and competing effectively with our improved products and services.

Please refer to slide 8. In the second quarter, total Cable capital expenditures decreased 5% to one point $1.1 billion, equal to 11.4% of cable revenue versus 12.6% in the second quarter of last year. This reduction in capital intensity primarily reflects reduced spending in CPE as a result of scale efficiencies. Year-to-date, capital expenditures decreased 2.4% to $2.2 billion equal to 11.2% of revenue versus 12.1% for the first half of 2011.

The second quarter CapEx reflects our investment to support the continued growth in business services, which totaled $162 million. In addition, CPE expenditures decreased 13% as we benefit from improved pricing and near completion of the all-digital project, which recaptures analogue bandwidth in a number of our markets. In total, we have deployed over 25 million digital adapters since the inception of this project. As a result of this project, we continue to realize operating efficiencies and strategic benefits from fully digitizing our systems.

We will continue to invest capital in our network to ensure product leadership in video and high-speed Internet and to fund the expansion of new services that generate attractive risk adjusted returns and drive profitable organic growth like business services or XFINITY home, Wi-Fi and X1. For the full year 2012, Cable capital expenditures are expected to be relatively flat in dollars when compared to last year, but should be lower as a percentage of Cable revenue.

Please refer to slide 9, so we can review the pro forma results for NBC Universal. For the second quarter of 2012 NBC Universal's revenue decreased 1% and operating cash flow decreased 15%, reflecting the underperformance in our Film Entertainment segment, the timing of programming costs and difficult comparisons related to a content licensing agreement, which had a significant impact on last year's second quarter results. If we exclude this content license agreement, NBC Universal revenue increased 3% and operating cash flow decreased 6%.

For the second quarter, Cable Networks generated revenue of $2.3 billion, an increase of 4% driven by a 4% increase in advertising revenue and a 7% increase in distribution revenue, partially offset by the content licensing agreement signed in the second quarter of 2011. Cable Networks operating cash flow decreased 7% to $788 million, reflecting higher programming and production cost primarily due to higher NHL and NBA programming costs and additional investments in original programming as we have increased the hours of original content in the second quarter by 13% compared to 2011.

With regard to our Broadcast segment, second quarter Broadcast Television revenue decreased 9% to $1.5 billion largely due to lower content license revenue, which I mentioned earlier. Second quarter 2012 Broadcast operating cash flow increased approximately 3% to $196 million, reflecting strength at our owned local stations, partially offset by increased programming investments.

Moving onto Film Entertainment, the second quarter had tough comparisons against last year, which included two very successful movies, Fast Five and Bridesmaids, compared to the disappointing box office performance of our second quarter films, primarily Battleship. As a result, revenue decreased 2% to $1.2 billion and operating cash flow declined by $110 million to a loss of $83 million.

Switching to our Theme Park segment, we had another solid quarter, as Theme Parks generated revenue of $539 million, a 3.4% increase driven by consistent performance at both the Orlando Park, which continues to benefit from the success of The Wizarding World of Harry Potter attraction and the Hollywood Park, which has had strong attendance growth fueled by the successful opening of the new Transformers attraction in May. Second quarter operating cash flow for the parks increased just over 4% to $235 million.

Please refer to slide 10 as we can review our 2012 financial strategy. As I mentioned earlier, we generated consolidated free cash flow of $1.6 billion in the second quarter, an increase of 2% and free cash flow per share increased 6% to $0.57 per share.

For the first half of the year, we generated $4.6 billion of free cash flow, an increase of 23% over the first half of 2011 and year-to-date free cash flow per share increased 25% to $1.68 per share. For the first half of 2012, Comcast Cable accounted for $3.5 billion or 77% of total free cash flow and NBC Universal contributed $1.1 billion or 23% of consolidated free cash flow.

As you know, we manage Comcast Cable and NBC Universal as two distinct pools of cash flow generation and funding capacity. NBC Universal's free cash flow is retained to build capacity to fund future equity redemptions by General Electric, while Comcast Cable's free cash flow is allocated to consistently return capital to shareholders.

As we announced earlier this year, on July 9, Arts and Entertainment Television Network agreed to redeem NBC Universal's entire equity interest in the network for just over $3 billion, which we expect to close later this year. We estimate after tax proceeds from this transaction to be approximately $2.6 billion, which will remain at NBC Universal.

We are executing on our 2012 financial plan and year-to-date we have returned $2.2 billion of capital to shareholders, a 38% increase which includes share repurchases totaling $1.5 billion and dividend payments totaling $743 million.

Overall, we are pleased with the progress we have made during the first six months of 2012. We believe the investments we have made, along with disciplined execution will continue to yield positive results.

Now let me turn the call over to Marlene for Q&A.

Marlene S. Dooner, Senior Vice President-Investor Relations

Thanks, Michael. Operator, let's open up the call for Q&A, please.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Your first question will come from the line of Doug Mitchelson with Deutsche Bank.

<Q – Douglas Mitchelson – Deutsche Bank Securities, Inc.>: Thanks so much. Two, if I may. For Neil, video subscription revenues accelerated the past three quarters even as video subscriber losses have improved I think for seven quarters now. So it appears the improvement is not coming from discounting. Would you say that the competitive environment is getting better or would you say this is due to better company execution? And has the low hanging fruit here been captured with regards to improving the video business? Or if not, what's the top execution efforts that you think will impact the business going forward?

And for Michael, it appears NBC will able to undertake repurchasing half of GE's stake in 2014 with almost just cash on hand, given the A&E deal. You've given us some debt level ranges in the past for the company overall. Since you are approaching the lower end of that range, should investors expect repurchases and dividends to move up to 100% or more of Cable free cash flow next year to the extent that you maintain the leverage at the low end of your target range? Thanks.

<A – Neil Smit – Comcast Corp.>: Hi, Doug, I think on the video side it really comes down to better execution. I think we're executing better on the product side. We're getting better product out there, whether it's X1 or cross-platform or the app. I think on the service side, we still have plenty of room for improvement but we're getting more self-service done. We're getting reduced call time windows. We're doing more self-installs, the repeat service level is down. And I think we're targeting our marketing better and developing more channels, whether it's the online channel or the retention channel or the MDU channel. I think that we're developing or beefing up our channels. So I don't think the competitive environment has materially changed one way or another. I mean I'd like to see housing come back a little bit and the economy come back, but I don't think those have been material changes in the quarter.

<A – Michael Angelakis – Comcast Corp.>: Morning, Doug. I'll take the second question. I think we're going right according to plan, actually. I think we're hopeful we can get the A&E transaction closed and, as I mentioned, that cash will stay within NBC Universal and as NBC Universal prepares for that redemption. And on the Comcast Cable side, the real goal is to, as Neil just said, deliver great operating results that convert to meaningful free cash flow. And as we are this year, we are providing the majority of our Cable free cash flow back to shareholders in the form of dividends and buybacks.

So we are now into the eighth month of the year, in the fourth quarter and early part of next year we'll take a look at our return of capital strategy for 2013, which obviously again will include dividends and buybacks and evaluate exactly where we are, but we are executing really well on the operating side, and I think we're generating free cash flow that we hope to, and we've got a couple nice benefits with the sale of the A&E asset as well as the hopefully the close of the Spectrum Co. asset sometime later this year.

<Q – Douglas Mitchelson – Deutsche Bank Securities, Inc.>: Michael, would you say that your leverage target is still on that 2.0 to 2.5 times range?

<A – Michael Angelakis – Comcast Corp.>: Yes. And as I said, we want to keep a conservative balance sheet and don't really look at the balance sheet completely connected to our return of capital, because really return of capital for us is the payout ratio or free cash flow really in both pools. So on the NBC pool of cash that is really an indirect equity redemption. And on the free cash flow on Comcast Cable, the vast majority goes back to shareholders. So we do want to stay at sort of the low end of that range. That's where our head is at, but don't want to really connect too much of our leverage with our return of capital. We really look at return of capital much more from a free cash flow payout ratio standpoint.

<Q – Douglas Mitchelson – Deutsche Bank Securities, Inc.>: Thank you, both.

<A – Marlene Dooner – Comcast Corp.>: Thank you, Doug. Operator, let's have the next question, please?

Operator: Your next question comes from the line of Jason Armstrong with Goldman Sachs.

<Q – Jason Armstrong – Goldman Sachs & Co.>: Thanks. Good morning. Maybe a question and then a clarification. The question is, we have seen recent M&A in cable distribution at very healthy multiples. I guess that surfaces a couple things. First, as the largest synergistic buyer, you could, I think, generate more accretion from these deals than the legacy buyers with their interest there on your part, maybe help us think through that?

Second question this brings up is it highlights how inexpensive your stock is relative to at least what the transaction market is implying. Does this point you towards accelerating buyback activity?

And then second, just clarification on the content licensing agreements, can you quantify the benefit you received last year across the categories Cable, Broadcast and Film? Thanks.

<A – Michael Angelakis – Comcast Corp.>: Why don't we go through. There were three transactions. Obviously we do make it a goal to look at everything. We think it's important to really evaluate all the assets that are out there, and I think we are smarter investors and more educated so that when we see something we like it. It makes sense. The price was a pretty healthy price, and we have a pretty high bar on our IRR as well as we look at stock buybacks and other competing uses for capital. So we did not aggressively pursue those. We thought the price was pretty high in comparison to other areas that we could utilize our cash.

There has always been sometimes a spread between private and public multiples. So I think we have a plan where on buying back our stock we've been really consistent in buying back our stock and have increased our buyback pretty considerably over the last few years. So I'm not sure, Jason, we are going to, quote, "accelerate it," based on several private market deals. I think buying back 1.5 billion year-to-date is pretty good and significantly more than we did last year. So our goal is to continue to buy back the stock when we think it's undervalued and be pretty aggressive on our return of capital strategy overall.

<Q – Jason Armstrong – Goldman Sachs & Co.>: Okay. Thanks, and then on content licensing?

<A – Michael Angelakis – Comcast Corp.>: Content licensing. We did have a content licensing deal last year in the second quarter. It was signed in the second quarter. Obviously those dollars did not flow into the second quarter of this year. So that had impact primarily in Cable Networks and Broadcasting for the most part.

<Q – Jason Armstrong – Goldman Sachs & Co.>: Can you quantify what the benefit was last year, just so we know what the headwind was in 2Q 2012?

<A – Michael Angelakis – Comcast Corp.>: You can really look at the content licensing side in our trending schedule. It gives you some directional area, but I don't think we want to go into specifics of what contracts are worth. I think we are trying to be as transparent as we can on our trending schedules and it gives you some indication of where content licensing was in the second quarter of 2011 versus now, but I don't think it's appropriate for us to go into real specifics on dollars and cents.

<Q – Jason Armstrong – Goldman Sachs & Co.>: Okay. Thank you.

<A – Marlene Dooner – Comcast Corp.>: Thanks, Jason. Operator, let's go to the next question, please?

Operator: Your next question comes from the line of Jessica Reif Cohen with Bank of America Merrill Lynch.

<Q – Jessica Reif Cohen – Bank of America Merrill Lynch>: Thank you. I have two questions. I'll try to keep it to two. On the Olympics, it's obviously a really great promotional platform. It seems to be going as well as if not better than expected. Could you just talk to us about how you expect to benefit both short and longer term? And is it all beneficial to NBC Universal or are there any benefits for the cable systems?

<A – Brian Roberts – Comcast Corp.>: Let me start on the Olympics, and we are five days into a 17-day event. So it's by no means concluded at this point, but we are off to a very, very successful start. The first point I would make is that even before the Olympics started this year, we were over $100 million ahead of our ad sales goal. So there was a lot of demand I think for the time and we booked over $100 million more than our plan and more than we ever had booked before.

Now that the Olympics have started, the second positive variance, if you will, is in ratings, which are way up versus forecast. We thought when we did the forecast for London that Beijing was sort of an atypical high-water mark. Beijing had some very interesting characteristics, Michael Phelps swam live during prime-time, gymnastics was live. And so what we did was we went and looked at Athens and really budgeted closer to Athens than Beijing. The reality is if you take the first five days at London and you compare them versus Beijing, we projected to be down 20% versus Beijing and we are actually up 9%.

The reality is we're up versus Athens 26% and we are about 30% higher than our estimate. So really ratings success pretty much across the board, which all of you who follow this fragmented media landscape know how atypical that is. We think that it's because of the way that we promoted the Olympics during the 100 days leading up to the Olympics. We think a lot of it is due to all of the efforts inside NBC Universal, which we call Symphony and also things that we have done with Comcast Cable. We also think for the first time we have a strategy that embraces broadcast, cable and digital. So we have a lot of exposure all leading up to these great numbers in prime-time.

When you boil all of that down, when we were doing due diligence on NBC Universal one of the issues the company had was every two years NBC Universal was losing a lot of money on the Olympics. We think London is going to be right around break-even and there was a time when we thought London would be as negative as $200 million. So on a cash-on-cash basis, forgetting purchase-price accounting and everything else, we are way ahead of where we thought we would be.

At the same time, if you look at the benefit to other parts of the business, we are going to do a few things very unique in terms of launching the fall prime-time schedule for NBC. We've got some shows literally launching, for example, next Wednesday. We are doing a new show called Go On, commercial free, right out of the end of the Olympics and also, obviously, the Olympics are a chance to showcase our news properties and other parts of the company and really build up our sports cable channel. So I think now that we feel the P&L for the Olympics, per se, is about break-even, we feel it's clearly something that's going to benefit our company very broadly.

<Q – Jessica Reif Cohen – Bank of America Merrill Lynch>: It seems that the longer-term, I mean shouldn't it help you with affiliate fees and renewals? I mean that kind of stuff, will there be longer-term, longer-lasting benefits?

<A – Brian Roberts – Comcast Corp.>: Yeah, I think so. I think first of all, given the trends we stand a chance to make money on future Olympics. We will see. And obviously the economy has a piece in that. But I believe we made one of the biggest bets we have ever made in terms of the rights deal we did for the Olympics a little over a year ago. And we feel very good because all of the numbers that I just mentioned to you are significantly better than we did – than we projected in our deal. And as the world gets increasingly fragmented and it's increasing hard to amass the kind of audiences we are amassing, 25 ratings at 11:00 o'clock at night those types of audiences are so unique that I think over time they're going to prove to be more and more valuable.

At the same time, any of you who have watched our coverage on the NBC sports channel, you can see that we are basically wall-to-wall with Olympics and getting the kind of ratings on our sports cable channel that we have never seen before, which is going to make that more valuable both to advertisers and to our affiliates. So I think we feel great about what London is showing us the Olympics are capable of doing and long-term, we are delighted to have the asset.

<Q – Jessica Reif Cohen – Bank of America Merrill Lynch>: Okay. And then I just want – my second question was more on the cable side. Can you discuss what you expect with the Verizon JV? I mean what would be considered disappointing and what would be considered a really big positive?

<A – Stephen Burke – Comcast Corp.>: Hi, Jessica. So I think that the JV is going very well. We're launched in about 21 markets, 263 stores. It has been a terrific partnership. From a regulatory perspective, we anticipate approval of the transaction sometime at the end of Q3 or Q4. And we have been working very constructively with the regulatory agencies on this and we see – we look forward to a speedy and constructive approval.

<A – Michael Angelakis – Comcast Corp.>: Let me – hi. It's Michael. Let me just add on to what Steve said. I mean obviously, all of the data is excellent coming out of the Olympics and we're really pleased with everything that's going on.

Getting a little granular, just so folks remember, this was a legacy contract in terms of the Olympics and through purchase accounting the losses were eliminated – the losses that we expected out of this contract. So now that we are over performing a bit, in the third quarter we will have a slight benefit related to the Olympics performance in our third quarter P&L, which obviously is a nice positive to have compared to the previous Olympics that NBC Universal had.

In addition, the way they cash flows flow, they're a little bit different. So we will have a negative impact in free cash flow in the third quarter. But really, everything has just gone great and we are very pleased and just wanted to make sure folks understand a little of those finer details.

<Q – Jessica Reif Cohen – Bank of America Merrill Lynch>: Thank you

<A – Marlene Dooner – Comcast Corp.>: Thanks, Jessica. Operator, let's go to the next question, please.

Operator: The next question comes from the line of Craig Moffett with Bernstein.

<Q – Craig Moffett – Sanford C. Bernstein & Co. LLC>: Yeah. Hi. Good morning. Two quick questions. Given the incremental cash that comes in from A&E, does that change your calculus at all as to whether or not you would choose to buy in the NBC – the last piece of NBC in 2014 as opposed to 2017?

And then for Neil, just given how important it is, I wonder if you could give us any very early insights on the X1 roll out in Boston operationally in terms of marketing and retention and that sort of thing?

<A – Michael Angelakis – Comcast Corp.>: Okay. I'll take the first one. Good morning, Craig. Not really. I think you've got to take a little bit of a step back, Craig. We've been in a little bit of cleanup mode with regards to NBC Universal. If you remember, just about a little over a year ago where we bought out the other 50% of Blackstone with regards to the theme parks and paid $1 billion for that. So now that we own 100% of the Orlando theme park, that was sort of a concerted effort to sort of look at an entity that we have that we had as a great deal and we are very pleased with it.

And then you look at A&E where we owned 15.8%, decided to sell it. We're very pleased with the price and also recently announced was the msnbc.com transaction, which was a 50/50 relationship with Microsoft, which we've bought in that other 50%.

So we're really in a little bit of a cleanup mode and I think that's probably coming to an end. Does it influence our decision in 2014? I really don't know. It's two years away from now. Obviously a lot can happen then. We're obviously pleased with how NBC Universal is progressing since we've owned it for about 18 months or so.

So I think that's going to be a decision we make in about two years and dependent on a variety of factors, but all good news in terms of we're cleaning up some of the areas and I think we're benefiting nicely from cleaning those up. I guess to Neil.

<A – Neil Smit – Comcast Corp.>: Yeah. Craig, I mean so far the X1 has been very well received in Boston. We are marketing it to HD triple play customers. We are launching, during the Olympics, our first marketing campaign targeted at acquisition. Existing customers will get the X1 as requested, subject to a one-time installation fee. And remember that right now we're using the new X1 boxes, but we're going to be extending the X1 experience over to high end step top boxes as well. As Brian mentioned in the call, we're going to be launching Atlanta this week and we'll be launching five markets, major markets during the course of the year.

<A – Marlene Dooner – Comcast Corp.>: Thank you, Craig. Operator, let's go to the next question, please.

Operator: Your next question comes from the line of Jason Bazinet with Citi Investment Research.

<Q – Jason Bazinet – Citigroup Global Markets (United States)>: I just have a question for Mr. Burke. A lot of the Cable networks are investing more in original content, but the aggregate ratings seem to have come under pressure sort of in the aggregate across the whole ecosystem. And I was wondering if you could just share with us your thoughts on what might be going on? Do you view it as something temporary and a function of the content that's out there or something that may have more duration to it? Thank you.

<A – Stephen Burke – Comcast Corp.>: Well, I think some of it is temporary or one-time. Nielsen did an adjustment of the universe, which I think most people would say was a one-time minus 2% to 3% in terms of ratings. But I think a lot of the cable channels are making very significant investments in new programming. There is a lot of competition, a lot of fragmentation out there, a lot of DVR usage. I think there is no question in terms of ratings, it's a tougher environment than it was a year ago.

That having been said, we still love the cable-channel business. If you think about it, it is a dual revenue stream and one streams is completely unaffected by ratings, that being the affiliate fees. And Neil doesn't like this part of the business but the affiliate fee growth I think in the industry is probably about 10%. We were 7% during the quarter.

But if roughly half of your revenues are growing somewhere high single digits or double-digits and then on the other side you've got advertising where in the recent upfront, the cable upfront, I think we averaged – our cable channels averaged high single digits and we had USA and Bravo I think really on a CPM basis leading the market. If you put that all together it's a really good business. That having been said it's harder to get ratings today than it was a year or two ago.

<Q – Jason Bazinet – Citigroup Global Markets (United States)>: Thank you very much.

<A – Marlene Dooner – Comcast Corp.>: Thanks, Jason. Operator, let's take the next question, please.

Operator: Your next question comes from the line of John Hodulik with UBS.

<Q – John Hodulik – UBS Securities LLC>: Great. Just a quick question, a follow-up on the X1 roll-out. Neil, do you expect to be able to get the X1 platform rolled out across the footprint by the end of 2013? And then you talked about a number of offsets from a cost standpoint, from efficiency and other cost-cutting as you roll out XFINITY or X1 and XFINITY Home. Do you expect any real noticeable impact on margins or cable CapEx as this roll-out proceeds? Thanks.

<A – Neil Smit – Comcast Corp.>: The X1, we haven't really finished our 2013 planning yet but it's certainly the intent to roll it out broadly across the footprint. As I said earlier to Craig, it's been a great product and the customer receptivity has been terrific so we're going to roll it out more widely but we haven't finished 2013 planning.

In terms of the efficiencies, we do see them across primarily the customer-service side including the tech side and we are taking real noise out of the business. We have reduced 8 million truck rolls over the last two years while we've increased RGUs 2.8 million. So there is just – that's an example of efficiencies. We think we're going to do about 1 billion self-service transactions this year. Michael mentioned that, whether it's billing or FAQs or whatever. But I think from a margin perspective, we look at them as being kind of steady over the course of the year.

<Q – John Hodulik – UBS Securities LLC>: Great. Thanks.

<A – Marlene Dooner – Comcast Corp.>: Thanks, John. Operator, let's go to the next question, please.

Operator: Your next question will come from the line of Ben Swinburne with Morgan Stanley.

<Q – Ben Swinburne – Morgan Stanley & Co. LLC>: Thank you. Good morning. Michael, just on the cash-flow outlook, I think on one of the slides you point out that you've returned about 64% or 65% of Cable free cash to shareholders. As we look at the rest of this year I am imagining that the cash taxes will probably be a swing factor around to bring that sort of pay-out ratio higher, toward closer to 100. And I just wanted to know if you had any sort of color on the cash tax outlook or maybe the stimulus impact for the full year now that we are halfway through?

And then I just wanted to come back – Neil, you mentioned the JVs with Verizon Wireless and how well they're going. The fact that you moved forward with those, should that lead us to the conclusion that the spectrum sale and the commercial arrangements are really two different transactions and sort of two different strategies and not necessarily connected to each other? I know the FCC, DOJ seem to be sort of looking at them a little bit together but I'd love to get your perspective.

<A – Michael Angelakis – Comcast Corp.>: Yeah, why don't I take the first one. Ben, you're right. As we look at sort of the second half of the year, as I mentioned in the comments, we will spend a little bit more on CapEx. I think we will end the year pretty flattish, but if you look at where we are for the first half compared to last year and then you look at the whole of last year, we'll spend a bit more in CapEx in the second half of the year. We will have some cash taxes and some working capital. So I think the number that in terms our pay-out ratio will trend upward towards when you look at the full year versus just the first six months.

So we feel pretty good about it and it's running a bit ahead of plan, which we are pleased with. And we'll see how the end of the year turns out but your directional comments are correct.

<Q – Ben Swinburne – Morgan Stanley & Co. LLC>: Thanks.

<A – Brian Roberts – Comcast Corp.>: Let me just – this is Brian, let me just jump in on that second Verizon Wireless question. Even though technically they are two separate contracts we've always believed that – the government is looking at it holistically and I think we – I stand by Niel's hope that by the end of the third or early in the fourth quarter we can get both transactions completed and continue with the roll-out.

<Q – Ben Swinburne – Morgan Stanley & Co. LLC>: Thanks a lot.

<A – Marlene Dooner – Comcast Corp.>: Thanks, Ben. Operator, let's go to the next question, please.

Operator: Your next question comes from the line of James Ratcliffe with Barclays.

<Q – James Ratcliffe – Barclays Capital, Inc.>: Good morning. Thanks for taking the question. Two if I could. One to follow up on, I think, Doug's earlier question. It does look with video ARPU accelerating Q-on-Q, but HSI ARPU slowed little bit. Is that any indication of something fundamental going on? Or is just an allocation issue within bundles?

And secondly, any takeaways from the Google Fiber announcement and any indication that they are looking at exploring expanding into any of the Comcast markets? Thanks.

<A – Neil Smit – Comcast Corp.>: Hi James. I would not read anything into the HSD ARPU. It grew 3%, and we grew subs at a healthy rate, indexing at 108. So I would not read anything into that.

Concerning the Google Fiber rollout, we have about 65K customers in the Kansas City area. It's not clear how significantly impacted that will be, but clearly pulling fiber and building a fiber network is hard work and heavy lifting and we look forward to monitoring the results.

<A – Stephen Burke – Comcast Corp.>: On a broader context on that last question, we don't really know, but it kind of seems like a bit of a laboratory. And all along when we showed our billion-bit-a-second demo in Chicago, we were kind of hoping there would be applications that will continue to meet more and more broadband. Fundamentally, that's a really good thing for us. Obviously there's going to be competition, but we have a great network that has tremendous flexibility and capacity to offer more speeds than we are offering today. And we are constantly hoping that new applications and needs develop, and that will be a really, I think, positive development if we can help that happen. And if Google can be part of making that happen, it's part of what I think they are doing but I don't know for sure.

<Q – James Ratcliffe – Barclays Capital, Inc.>: Thank you.

<A – Marlene Dooner – Comcast Corp.>: Thanks, James. Operator, let's go to the next question, please.

Operator: Your next question comes from the line of Stefan Anninger with Credit Suisse.

<Q – Stefan Anninger – Credit Suisse (United States)>: Hi, good morning. Thanks for taking my question. Two questions if possible. Michael, you talked a little bit about the CapEx efficiencies that Comcast has been gleaning this year, and I think you've done that for the last several quarters. Can you just talk a little bit more about those and maybe provide more color? You talked about some of it on the CPE side.

And then your longer-term optimism around continued efficiencies in the CapEx spending and what we might expect going forward?

And then perhaps you can provide a little bit of color on how the local advertising trends are looking in the third quarter? Thanks.

<A – Michael Angelakis – Comcast Corp.>: On the CapEx side, really my hat is off to the team. I think they have done just a great job of really effectively managing CapEx and at the same time I would say really playing offense with regards to innovation. Just look at all the different products we are talking about now compared to a year or two ago when we didn't have that. So we are bringing capital intensity down basically both in terms of percentage and dollars.

There has been a number of projects, some come and go. A couple of years ago we had DOCSIS 3.0, and then we had All Digital, and now we are spending some dollars on Business Services more aggressively. So the reality is I think we are hitting a stable sort of CapEx number. It may move up a little bit, move down a bit, but when we look at a whole year capital plan, we are pretty much coming into, I think, stability, because we are still investing in the network, as Brian said, to make sure we have the best network. But we are also investing in new product areas and service areas.

So I don't think from a dollars standpoint you will see sort of that continuing trend down compared to several years ago. I think from a percentage of revenue standpoint, I think we're going to show some modest benefits in terms of that intensity. There's a lot that goes into our capital expenditure plan at Cable, and I think that they are doing a great job at how we've managed it.

With regards to local, I think we are doing really well in local both on the NBC Universal side and on the Comcast Spotlight side. On the Comcast Spotlight side, up about 4% and obviously we are entering the political season, so the core business seems pretty stable. Automotive has come back relatively nicely, and obviously we're going to benefit in the third and fourth quarter with regards to political.

<Q – Stefan Anninger – Credit Suisse (United States)>: Great. Thank you.

<A – Marlene Dooner – Comcast Corp.>: Thank you, Stefan. Operator, let's have the last question, please.

Operator: Your final question will come from the line of Marci Ryvicker with Wells Fargo.

<Q – Marci Ryvicker – Wells Fargo Advisors LLC>: Thanks. Two questions. I think Q2 ARPU came in a little bit better than expected. So is it conceivable for ARPU to accelerate as you rollout Home Security, Skype, etcetera?

<A – Neil Smit – Comcast Corp.>: Hi, Marci. I think we were pleased with the ARPU, the lift this quarter at 8%. I think it's too early to tell with the new products. They're just beginning to gain momentum. We are just beginning to market them. Home Security we've got rolled out to 95% of the footprint but it's in the very early days. Certainly that's the intent, we add more good products onto our network and build ARPU over time, but I think it's too early to tell right now.

<Q – Marci Ryvicker – Wells Fargo Advisors LLC>: Okay.

<A – Michael Angelakis – Comcast Corp.>: Marci, I just want to elaborate. Obviously, we've put on 400 to 500 basis points of new triple play customers. So last year we had 35%, 36% of our customers taking all three services. That number is now closer to 40%. That obviously helps with ARPU, as well as all of the advanced services that Neil mentioned. So over time, we are hoping to continue to grow ARPU.

<Q – Marci Ryvicker – Wells Fargo Advisors LLC>: Got it. And then in High Speed Data, any feedback from subs with your move to the higher cap of 300 mgs and the related data usage plans?

<A – Neil Smit – Comcast Corp.>: Marci, as you know, we announced two different flavors of plans. One was capacity linked with the tier that subs are buying into and, two, was just being able to buy blocks of capacity. Caps are gone. We raised the amount people could consume to 300-gigabits as a base limit. And so we're – we have not announced the markets or the roll out yet, but I would expect something shortly.

<Q – Marci Ryvicker – Wells Fargo Advisors LLC>: Thank you.

Marlene S. Dooner, Senior Vice President-Investor Relations

Thanks, Marci, and thanks, everyone, for joining us this morning.

Operator: There will be a replay available of today's call starting at 12:30 p.m. Eastern Standard Time. It will run through Wednesday, August 8, at midnight Eastern Time. The dial in number is 855-859-2056 and the conference ID number is 93213388. A recording of the conference call will also be available on the company's website beginning at 12:30 p.m. today.

This concludes today's teleconference. Thank you for participating. You may all disconnect.