MANAGEMENT DISCUSSION SECTION

Jessica Reif Cohen

Great, thank you, Steve. It's such a pleasure to have you here. You've been in control of NBCU for seven months, so a long time. What are some of the – and we're very happy to have you here. It's your first appearance to the financial community. So can you discuss some of your key near term and immediate term operating challenges that you face? Which divisions will require your greatest attention and efforts to turn around?

Stephen Burke

The deal closed in January, January 28, so it has been seven months since we've owned the company or owned 51% of the company. But it has been really closer to two years since we knew that we were going to do the deal. The pendency of the deal between signing and closing was 14 or 15 months. So we've done a lot of acquisitions over the last 15 years or so growing Comcast Cable. None of the acquisitions were quite like NBCUniversal, but one of our operating philosophies is you have to use the time between signing and closing to really understand the business, understand the employees, make sure that you accept the direction so that you hit the ground running.

So we actually named the bulk of the senior management team in September, three months or four months before the close, so that people could on day one have a business plan. And the good news is we now have – the ongoing operating team is in place. I think we made a number of very good hires. Of the top 20 people, 13 are new to the company, some from Comcast, many from outside. And I think we feel like we've got a lot of opportunity.

The good news is between signing and today, most of the things that changed have changed for the better. The advertising business is very strong. We actually, right around the time we signed the deal, the national advertising business had many, many months of decline. And literally right after we did the deal, the advertising business changed and became very positive and remains positive today. So advertising is a positive thing that we didn't factor in.

Retransmission consent, which is not a good thing for the cable side of Comcast, is going to be a very good thing for NBCUniversal if we do as well as CBS, ABC, and FOX, which we should, and that's something that wasn't even in our business plan when we did the deal. We essentially valued the cable channels but didn't put too much value on NBC or Universal Studios.

So a number of things have broken our way. We haven't found anything to the negative that we didn't anticipate. The cable channels are in terrific shape and the key there is to continue to invest. USA has been number one for something like 14 quarters in a row and we want to make sure that stays; but Syfy, Bravo, MSNBC, CNBC just a very, very powerful stable of cable channels.

And then interestingly, I've been around the broadcast business for a long time and really understand and have always been very aware of its challenges. But I think perhaps our biggest upside in the near term at NBCUniversal is broadcast, which is surprising to us. Part of that is retransmission consent, which if we get what I think the market will shake out as per our own stations plus we get a big chunk of what our affiliates end up charging for retransmission consent, Again, where I think the market is moving, that will be hundreds and hundreds of millions of dollars for NBC.

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And in addition, NBC is so far behind – the NBC network is so far behind that if we get from fourth to third and reinvest in the local stations and get our syndication business going again, it is a major opportunity. And there is nothing that we can do with USA, Syfy or Bravo that in the near term can match that kind of opportunity.

So I think we've got our work cut out for us. It's clear. We knew this going in that GE had not been as enthusiastic about these businesses and had not been as willing to invest in these businesses as we are. So we are in a period, 2011 and 2012, where we're making investments pretty much across the board in every single one of the businesses.

But the good news is I think there's an awful lot of opportunity if we're patient, and we're in that process. And I would say if we had to do it again, the first seven months could not have gone better. We still have a lot to do in the next year or two to get the company to where I think it needs to be, but we're very optimistic about it. In hindsight our timing when we struck the deal, it was 2009. It was a time when people were very negative about the world. Our timing was really good, and we got some amazing assets.

Jessica Reif Cohen

You just mentioned that advertising continues to be strong. I'm just curious. Given the softening economy and jittery markets, are you seeing softness in any part of the business, whether national or local? And if you're not seeing it yet, can you give us any preliminary forecast for 2012?

Stephen Burke

In terms of places for people to place television advertising, I think we're the number one television home for television advertising in the United States, about $9.5 billion. $1.5 billion of that is our cable advertising business, Comcast Spotlight. The rest of that, about $8 billion, is at NBC and the cable channels, and various parts of NBCUniversal. So obviously, advertising is something that we look at very, very carefully.

So far, the national advertising business remains very strong. We had an extremely strong upfront, better than we expected for both NBC and for the cable channels. And all of the metrics, all the cancellations, all the signs that you look for are all positive nationally.

On the local side, particularly when the market was gyrating in August, we were concerned. There were a couple of weeks when we were concerned, but that also seems to have stabilized. We're going to have some tough comparisons locally because last year was a political year and this year is not. But I think you'd have your head in the sand if you weren't concerned about the economy and you weren't concerned about companies spending money on advertising because it's such a big part of our business. But I think there's a little bit of a catch-up from very tough advertising years in 2008 – 2009, and that catch-up is continuing.

I think there is a little bit of a realization that online advertising is not as effective in general as advertising on big events. Particularly, we're pretty much sold out on the Super Bowl at $3.5 million a spot, which is up 15% or 20% from where we think the Super Bowl was last year. So knock on wood, I think the advertising market remains strong. But again, with everything that's going on in the economy, we're watching it carefully.

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Jessica Reif Cohen

When the NBCU transaction was first announced, you were asked about potential new opportunities in businesses that could be created from the combined platform. In your responses, there were dozens of ideas, innovative ideas that you were considering, and one of them was the potential – you highlighted the potential of interactive advertising or advanced advertising. Can you discuss the progress that you've made, and how can NBC aid and be aided by the development of advanced advertising in upcoming years?

Stephen Burke

I think you start from the fact that the advertising business is so big and so material to the combined company, so important to Comcast Cable, and also so important for NBCUniversal that we would have more to gain and perhaps have more tools at our disposal because we have a big cable company and all that technology. We have more to gain from making interactive advertising a reality than any other company around and therefore more incentives both in the cable business and at NBCUniversal to make it happen.

We've made a number of investments. We're part of a consortium called Canoe which is the cable consortium. We've been in that for a while. We've made some investments there. We recently completed an investment to allow us to put dynamic ads into VOD screens in about 14 million homes at Comcast Cable. We can do RFI, Request for Information, with a click. And to me, it has been a slow, long process trying to get interactive advertising here. But there are a lot of things we can do in a real sense that this combined company really needs to take a leadership role in making all of that happen, which we're doing.

We also have a number of very interesting opportunities that don't require a lot of technology, and I'll give you – I'll just concentrate on sports. We own Versus, which we're changing the name in January to the NBC Sports Channel. And we own the Golf Channel. And we just did a deal with the PGA. And in that deal, we will be able to take golf events on a Saturday and Sunday and simulcast different feeds of the same event on NBC Sports Channel and Golf. And so you could have NBC Sports Channel follow whoever the leaders are, and then you could have the Golf Channel on the 16th hole, just stationed on the 16th hole or some dramatic hole near the finish. So that if you're following the leaders on NBC Sports,, you could say now tune in to the Golf Channel because Tiger Woods is going through the 16th hole and use it as a way to add in a complementary fashion to the broadcast. And we think if we have the same spots on both NBC Sports Channel and the Golf Channel that we can cume the ratings and sell to the same advertisers a higher rated cumed thing.

So we have lots of ideas. We've done some of this already with Golf and with the NHL. And the interesting thing is the ratings for both Golf and the NHL are much higher than they were when we were televising the NHL on Versus and televising golf events on the Golf Channel. So it appears to be working. There's a lot we can do with Comcast SportsNet in many of the markets where we have O&Os. So really, I think one of the challenges is there are so many opportunities in so many areas where this combined company can work together and we can deploy, intelligently deploy investment dollars. But we really are trying to be as disciplined as we can in terms of prioritizing them to make sure we get the biggest bang for the buck where we go.

Jessica Reif Cohen

Can you talk a little bit about Project Symphony and tell us as concretely as you can some examples of how you integrated promotion and advertising across platforms to launch products?

Stephen Burke

I think you start from a philosophical point of view on how one of these companies should operate, and there is a real divergence. There are some companies that say they have every division do their own thing, hire the best people you can, let everybody fight it out, and that will ultimately maximize value. We've always felt for many, many years that you, particularly in a fragmented universe where audience shares get smaller and smaller, it gets harder and harder to open a movie. People have more and more choices; that if you can create an environment where different parts of the company work well together, you can maximize each individual element of the company.

And it's interesting. NBC, in my image, the heyday of NBC was the time when you had Don Ohlmeyer and Brandon Tartikoff and Dick Ebersol running sports and then you had Andy Lack running news and these big producer personalities who would basically say my part of NBC is my part of NBC. I'm going to do what I want and be very, very independent.

I think now the world is very different. We don't even really look at the NBC Network as standalone anymore. If you look at NBC News, you can't think of NBC News without thinking of MSNBC and really CNBC and the really The Weather Channel.

So when you have an event like Hurricane Irene, which came through the East Coast a couple weeks ago, basically all four of those channels plus WNBC, a fifth channel, operated as one entity. And when the Today Show went on the air, we had Matt Lauer and Ann Curry come in on Sunday morning. When the Today Show went on the air on Sunday morning, Jim Bell, the Executive Producer of the Today Show, actually had somebody from MSNBC on his left, somebody from WNBC on his right, somebody from The Weather Channel right there, and we had talent and footage go across all four or five of those channels, and it's very powerful. If you're running WNBC, all of a sudden instead of having one weather person, you have 200 meteorologists at The Weather Channel. You have all that footage from MSNBC and everything from NBC News.

Brian Williams came over and did an hour on WNBC, maybe the first time a national news anchor on a weekend has come and anchored something on WNBC. And week after week after week, WNBC has trailed WABC, and we won the weekend because of all that and I think did a very good job on MSNBC. And we did a version of the same thing for 9/11.

So you really have to start from a premise that every executive in the company is going to work with everyone else; that the lines between broadcasting and cable channels had come down; and that if you do that, it can work. Interestingly, we're the only media company that has broadcasting cable in most of our day parts. Obviously, ABC and ESPN have it in sports. We have it in sports as well, but we have it in news. We're the only company that has NBC News and MSNBC. The same cannot be set for ABC, CBS, or FOX.

And we're really the only company that has a large stable of entertainment channels in addition to a primetime network. So if we get – if we're lucky enough to get a hit; let's say we have the next Desperate Housewives or the next Modern Family on NBC, which is no short order, it's not easy to find those. But let's say we had one of those. We could put Desperate Housewives in a number of places. When ABC has Desperate Housewives, they couldn't put Desperate Housewives on the Disney Channel or ABC Family. If CBS had a big hit like Desperate Housewives, they have no cable channels to put them on. We can put Desperate Housewives on USA, Bravo, Syfy, E!, Style, Oxygen, and there's really no other company that can do that. So I think our assets are unique.

And then the challenge is how do you make sure that the culture of the company is clearly aligned, and then how do you get people to work together, and that is no small feat. It's very easy to say everybody get behind something. But to ask USA or Bravo to give up promotional inventory to promote the NBC fall schedule, which is happening all over our air right now today because we're launching the fall schedule next week, requires an attitude and a process. And we have a marketing committee that gets together and meets on a periodic basis.

When it works, it's really far more powerful than even we hoped. The best example is the show, The Voice, which came out last spring. It was really the only major new show that NBC was going to launch between the day we closed the deal and the fall schedule. And we started to have a feeling that this is the kind of show that could really break out. So about a month before The Voice came out, we decided to make it a real priority. And we organized a meeting where we had the senior management of the company and we said okay, here's why we think it's a priority. Here's what we would like everybody to do.

So The Voice the month before it came out you couldn't turn on Comcast Cable without seeing The Voice on the Barker Channel, on the Flip Bar, video on demand, promoted bill stuffers, everywhere else. The Voice was promoted on the Today Show, the Tonight Show, E! Entertainment, really throughout the entire company. And of course, The Voice ended up being I think the real – certainly our only bona fide hit of the year. And interestingly, in Comcast markets The Voice had ratings that were 40% higher than non-Comcast markets. So all of a sudden, people realized that this works.

And then ultimately if we can prove consistently – it has been only seven months. But if we can prove consistently that we can use this company and all of these aspects together well, ultimately creative people will say I have a better chance of opening a movie with NBCUniversal than I do with someone else, or I have a better chance of bringing a new television show and getting it promoted aggressively, and we've already seen that.

We're doing a movie with Joe Roth based on [ph] "A Corpse in Hawaii" (17:15). And Joe will tell you that one of the reasons why – he could have gone anywhere he wanted. One of the reasons why he came to NBCUniversal is because he believes in what we're doing and believes that this kind of – we call it Symphony because synergy is such an overused term. But this Symphony effort can give us an advantage that other companies that, for very good reasons, have chosen to work separately just do not have. So ultimately we'd like to be beacon for people to bring creative ideas. And then when the creative ideas come, you'd like to do whatever you can for the five or ten most important things you're doing in any given year to give them a better chance in a world which is really fragmented and really tough to break through the clutter.

Jessica Reif Cohen

You mentioned at the very beginning that broadcasting is a good opportunity within that retrans. Can you talk a little bit about returns, what the size of the opportunity is and the timing? Are distributors asking for anything more than cash? Are they asking for streaming rights, and what goes along with that?

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Stephen Burke

I've spent a dozen years of my career trying to stop retransmission consent payments when I was at Comcast Cable. And it's a difficult thing for cable companies and content companies on both sides to try to figure out what the right balance is. But I do think over the last 18 months or two years for whatever reason, and there's a bunch of dynamics traditionally if you go back to I guess 1992 when retransmission consent really started.

In the beginning, cable companies had more bandwidth and would say listen, we won't pay cash to ABC, but we will launch ESPN2. And the notion of launching new channels as a way of compensation for a variety of reasons, both on the distributor side and the content owner side, no one is really interested in launching new channels. It's very, very difficult to successfully launch new channels. So for a variety of reasons, I think the world changed over the last 18 or 24 months and most content companies are now – with strong big four televisions stations now getting compensated.

I don't think we're going to be leading the charge there for whole variety of reasons, but I think we're going to try to get compensated similarly through CBS, ABC, and FOX. And we're trying to do something interesting with our affiliates. We call it the Proxy Program. And basically the idea is that we would negotiate on behalf of our affiliates. We would flow the affiliates with a payment of $0.25 a month, but we would share 50% of whatever we get. And I think if we do that in the right way, it will actually make discussions go better and reduce the risk of having channels go off the air.

It's very interesting that channels that go off the air more often than not tend to be medium to smaller station groups that are for whatever reason taking a very tough position and cable or satellite or telco companies taking very tough positioning. So what we're really trying to do is wherever the market goes, make sure that we follow that market and try to be as productive as we can. But that's going to be a new revenue stream that is going to make a material difference to the broadcast model.

But as big as that revenue stream and the thing that we're really heads-down concentrating on right now is getting NBC primetime, which is so far behind ABC, CBS and FOX. No network has ever been as far behind financially as NBC is, and there's a whole variety of reasons for that. Getting that distance closed, and part of that is ratings; we need to do better with ratings. We need to build on the success of The Voice. We need to develop new shows. We have a very gifted person in Bob Greenblatt, maybe the most gifted programmer to sit in that position, certainly at NBC, in a long, long time. He is really, really first rate. We need to improve ratings.

Once the ratings improve, we need to get the discounts. Currently, we think NBC CPMs are discounted heavily, up to 20% versus CBS, ABC, and FOX. There is really no theoretical reason why an eyeball should be discounted if you think about it. A lot of it has to do with just the feeling of success and momentum that the other networks have that NBC doesn't have. But if we can turn the ratings and then typically what will happen is the ratings will turn. And as we have more must-have programming like The Voice and the Super Bowl, the Olympics, and hopefully some new shows, that traditional discount will narrow. And when both of those things happen, you can imagine hundreds of millions of dollars of EBITDA coming into the system that's the NBC Network.

At the same time, the broadcast stations have fallen significantly over the last decade. I can remember when I was at ABC 15 years ago, NBC was number one in LA and a strong number two in New York and Chicago and Philadelphia and a number of other markets. And year after year after year, whereas the other networks have continued to invest in camera crews and on-air talent, NBC stations just haven't gotten the tools necessary to compete. So I think we're significantly less profitable than we should be on the station side.

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And then the final bucket in broadcast is syndicated revenues where five years ago, you had a lot of shows going into syndication, and those shows have fallen off. And the number of shows that are coming out of that ecosystem that Jessica talked about at the beginning is diminishing, and that obviously changes once you have some successful shows. So I think interestingly, broadcast, which we would have discounted or put the least amount of value on in the near term is probably the biggest opportunity we have.

I didn't even talk about Telemundo, which I think is another very, very big opportunity. Telemundo has not had the investment dollars necessary to compete with Univision. And so Univision makes hundreds of millions of dollars pre-interest, pre-tax. And Telemundo is essentially a breakeven operation. It makes a little bit of money, but has stations all over the country, has the network structure and pipes such that when they put a good show on, and we had a telenovela that went on the air about six months ago that went to number one and beat Univision consistently, so it works when the programming is there.

But I think Telemundo is a version of the opportunity that NBC has with investing to get better ratings and then eventually getting retransmission dollars to – there is really no reason why Telemundo should have 20% share and Univision should have 80%. Clearly, Univision has advantages and is well run and has the strategic advantage of its relationship with Televisa. But there is no reason why Telemundo can't do better and get something higher than 20% share of Hispanic eyeballs when that market is growing so rapidly and is so attractive.

Jessica Reif Cohen

Let's move on to the cable networks. [ph] Affiliates see (24:30) that the cable networks have been growing we estimate in the low double-digit range in recent years, and the cable channels to generate in excess of $3 billion this year. From a ratings standpoint, the group has been exhibiting considerable trends. How long is that kind of growth sustainable? From an operations standpoint, how do you take it to the next level? What do you need to do to not just keep the channels going, but take them higher?

Stephen Burke

We were pretty clear when we signed the deal that what we were really buying, the real cash that we were buying is the foundation of the company was cable channels. If the combined company right now is call it $3.5 billion worth of OCF, the majority of that, 80% – 90%, comes from the cable channels. And cable channels will be the core of the company even when we turn around NBC and reinvest in Telemundo and get better performance out of film and theme parks. Cable channels are really the center of the company.

The good news is the cable channels are extremely well run, and we knew that the NBCUniversal cable channels were well run. But now being inside the company, it's a marvel to watch. USA, run by Bonnie Hammer and her team, is just extremely well run. I think something like seven of the top ten scripted shows on cable are at USA. They literally have 100 – 1,000 – a batting average of 1.000 in terms of developing new shows. And we green-lit – right after we showed up, we gave Bonnie the money to do two new shows, Suits and Necessary Roughness. And they instantly went to be in the top ten in cable, extremely well run.

And then you go over to Bravo, which is run by Lauren Zalaznick, and it's the same thing. Bravo is basically a reality based network that's extremely well run.

MSNBC has gone from making no money, five, six, seven, eight years ago to be a very profitable channel. It surpassed CNN in terms of ratings. I think it's going to have a very big year in 2012, 2012 being a big election year, and really MSNBC being The Place for Politics. And you can see their ratings spike anytime the political discourse goes up.

And I haven't mentioned Oxygen; Syfy; E! Entertainment; the Comcast SportsNet; Versus, which I think is doing exciting things; Golf. We really have extraordinary assets in our cable business. And if you look at USA versus TBS and TNT, affiliates see us about 60% of TBS and TNT despite the fact that ratings are higher. And CPMs we believe are at a discount to TNT and TBS.

So both on the affiliate side and the CPM side, it's very difficult to know how you close what we call an entitlement gap; in other words, what are they entitled to based on their ratings performance. But clearly if the advertising in the industry is going to grow at a certain rate, USA should grow at a faster rate. And if affiliate fees are going to grow at a certain rate, USA should grow at a faster rate; same kind of opportunity at MSNBC and other places.

And I'm sure anybody who talks about their cable channels says I'm undercompensated. But I do think for a whole variety of reasons, these channels have performed so well and their relative growth in terms of advertising and affiliate fees have lagged, so there should be a catch-up. Now that catch-up takes a period of time. We have existing deals with distributors that go out for many years, in some cases five years. We have deals with advertising agencies. When we go into the upfront, they look at what they paid for USA or Syfy or Bravo last year and that's where they start and it's a negotiation. But I think there is a really, I think, compelling argument that we haven't been getting what we should and that over time, we have the ability to outperform wherever those markets shake out.

Jessica Reif Cohen

A little [ph] on the reality show (28:45). I'll ask you one question on film and one on theme parks, and then we'll open it up to questions from the audience, so at least we cover all your divisions. Universal Studios enjoyed greater box office success this year than last year. I think your gross has already exceeded – this year already exceeded 2010. What steps are you taking to drive Universal Studios closer to historical levels of operating performance and profit?

Stephen Burke

I think the film business right now because of the decline of DVDs and because of, at least in the United States, decline of the box office, the film business is tougher today than it was a few years ago. And if you look at each individual studio, the big studios probably have a couple hundred million dollars of profit that is taken out of the system just because of the decline of DVD. So it's a tougher business than it was. We're trying to be supportive but also very clear that we're in these businesses to make money, and we want to make sure that we're green-lighting films that have a better than average chance of succeeding. We had a couple great films in Fast Five and Bridesmaids. We were disappointed with Cowboys & Aliens and with The Change-Up. So you go from being elated one month to not as happy the month after.

We do feel like there are a number of platform things that Comcast Cable can be helpful with over time as the video-on-demand model changes and electronic sell-through and lockers for virtual DVDs enter the market and want to see those things happen for the health of the overall ecosystem. I want to make sure that we're making movies that have international appeal. But in a world where there are so many alternatives, I think you have to be very careful with the movies you make. And then when you get one that you know is a big hit like Despicable Me or like Fast Five, you want to make sure that the entire company gets behind it and promotes it. So it's not an easy business right now, and we're totally aware of that. We're trying to do whatever we can to improve our odds, but also totally eyes open that it's not an easy time.

Jessica Reif Cohen

And then on theme parks, you've had nominal success in the past year and a quarter since Harry Potter opened and King Kong in California. I guess the question is do you think that kind of growth is sustainable. What kind of investments do you need to continue to drive growth in the parks? And how would you use the next – what is the bigger picture for theme parks?

Stephen Burke

So we did not go after NBCUniversal for the theme parks, and it was probably the last thing on our list. We looked at the cable channels first and then what do you with the broadcast business, what do you do with the film business. And by the way, here is some theme park assets. The fascinating thing about Universal is we happened to show up right at the time Universal was opening Harry Potter in Orlando. And Harry Potter in Orlando is probably the biggest new attraction certainly than I've ever seen in my career. And when I was at Disney, I worked in the theme park business for four years.

Normally, you put a new attraction out and you're delighted if you get a 5% bump in attendance. Harry Potter came out and we were seeing 40% and 50% bumps, just a gigantic sea change in the profitability – the attendance and the profitability of Universal Orlando, and that has continued. The good news is we opened last June. We've now lapped ourselves. And so Harry Potter has been open more than a year and that has continued.

In the middle of that, six months after seeing that, Blackstone right after we closed the deal came to us and exercised their right to put a number on the table and either be bought out by us or go to someone else and be bought out of their 50% interest in Universal Studios. And it was a tough decision because it was right after the deal closed and we had just funded the deal with General Electric and literally just walked in the door and Blackstone said okay, now here's the time.

The good news is the price that they put on the table was a price that we thought was very attractive to buy out the 50% of Universal Studios Florida that we did not own. We went to GE, and GE was very enthusiastic as well. So we now own 100% and we're now consolidating that operating cash flow, and we feel really good about doing that.

I do think, as with other areas of the business, in general Universal Studios Florida has not gotten the investment dollars it should have. In general, Universal Studios Hollywood has not gotten the investment dollars, and both of those businesses are doing extremely well right now. It would be about, call it a fifth of the EBITDA of the combined company. It's a very stable business. Obviously, there is capital intensity if you're going to be adding new attractions and adding hotels and new things, but we're bullish on that business.

And we also think that business fits with the Illumination business, the animation business run by Chris Meledandri. And so when we come out with Despicable Me or Hop or the next movie from Illumination, The Lorax, which comes out this spring, those shows and those characters should live in the theme parks and we should be able to build that business over time. So we're actually delighted that we now own 100% of it. And we think, as with the other parts of the business, if we invest there is real opportunity.

Jessica Reif Cohen

Okay, let's first see if there any questions from the audience. There's one here.

QUESTION AND ANSWER SECTION

<Q>: Thank you, Jessica. Steve, I'd be interested in your opinions on the long-term opportunities with cable networks. And in light of Jessica's report this morning, the opportunity with TV production studios is one of leveraging a multitude of new windows, which leads to audience segmentation, which for the cable nets or the traditional nets, makes it more difficult to aggregate your audience. And so I wanted to take a fair argument that programming cost needs to go up; that advertising needs to go up; and that the ad loads on the traditional cable nets are uncompetitive. So consequently margins are multiple – hundreds of basis points too high and multiples that the Street uses for terminal values are two or three times too high. So could you please argue it, the other side of that, and what's your view? Thanks.

<A – Stephen Burke>: I think there is an element of what you're saying that's true. The fact of the matter is due to Netflix and the ubiquity or the availability of content, shows are not repeating on broadcast and well run cable channels. Shows are not repeating the way they were just a year or two ago. So most, big, strong, well run cable channels are spending more money on programming than they did a year or two or five years ago. And that is a balance and a challenge that exists.

That having been said, the dual revenue stream nature of cable channels, the profitability of the big top 20, top 30 cable channels is so great and those businesses are so attractive, I find it hard to believe that five years from now or ten years from now, those won't keep being the best part of the media business. I think most people would say if you had to rank the best part of the media business to the worst part of the media business, cable channels and cable distribution would be right at the top, or I would certainly say that. And then you've got a whole bunch of businesses that are worse.

Does the cable channel model face challenges from fragmentation? What you could argue is that the Internet and alternative distribution will do the cable what cable did to broadcast. And I think there is an element of that that's true. But the fact of the matter is cable has been competing with broadcast for many, many years and the broadcast ecosystem is still around and still profitable. But will Netflix and other things related to the Internet and streaming distribution of content affect cable channels? Sure.

I think our feeling is that not all cable channels are created equal; that you don't want to be – if there are 100 well distributed cable channels, you don't want to be in the bottom quartile. That's not going to be a great place to be. If you happen to be in the top quartile, that's a pretty good place to be. And I find it hard to believe that five years from now or ten years from now, those fantastic cable brands, cable content brands are lumpy and great demand and in lot of homes, 80 million homes, whatever that number is, and still getting a very good dual revenue stream and still being the best part of the media business.

I think there are certain cable channels, and we have some, that have higher commercial loads than broadcast or then should be. It's interesting. You kid yourself a little bit when you expand your commercial load because to a degree, our big advertisers are going to spend what they spend and they're going to spend what they want to spend with your channel. So if you increase the load, you may get away with that for a while. You may think that you're actually increasing your revenue. But there is a real counterbalance that an advertiser is going to spend what they want to spend on TBS or USA or Bravo. And if you increase the load 10% or 20%, are you really increasing much? I certainly don't think there is room for a greater load. And we have some cable channels right now where we're actively trying to shrink the load, but do it in a way that doesn't greatly reduce revenue. [ph] Steve (38:50)?

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<Q>: I genuinely apologize for an off-topic short term here, but can we discuss the actual core cable business? [ph] It seems, obviously, the rates on it (39:00). The fact is that second quarter seasonality seemed to affect the company and for that matter, the entire cable sector in a notable fashion more than usual, and I'm wondering. Have things turned around, or have you seen some stabilization since the [ph] business start and credit achieved (39:15)? We're all trying to get a grip on how to look at things?

<A – Stephen Burke>: The second quarter for most cable companies, and Comcast is no exception, is a quarter where traditionally the cable business has done worse. And then the third quarter, traditionally July and August, are times when you're continuing the trends of the second quarter. And then it all comes running back in September. I don't remember the first year that I was running Comcast Cable. In July or August, I was beside myself. And I called up one of the guys running one of our big operating divisions and he said this happens every year. You've just got to have a little faith and call me back in two weeks. And sure enough, as kids went back to school, the business came right back.

I think Comcast Cable is in great operating form. Every once in a while, a cable company gets in a zone where things are going well and they've made the right investments. They're making the right investments. They're turning all the levers between units and ARPU and new products and old products and customer service. And I think Comcast Cable is in that zone, and I wouldn't overreact. People tend to overreact to news I wouldn't overreact to, some of what was normal seasonality trends. And I would instead concentrate on the core underlying strength of Comcast Cable and the cable industry in general, which I think is still there. I was with Brian last night and Mike Angelakis and Neil Smit late last week, and I think they're all feeling like that's still a great business.

<Q – Jessica Reif Cohen>: We'll take one last question.

<Q>: As you think of your NBC app for the iPad, does that inhibit your ability to charge for retransmission?

<A – Stephen Burke>: I think first of all what we did with the iPad app, which got a lot of press, no new content went out with the iPad app. We took the existing content that's on NBC.com. We didn't add to it, and we put it on the iPad app or put out an app for the iPad.

I think what you're going to see us to do, first of all we're in a slightly different situation than other companies in that we signed a consent decree that basically said we're going to continue to distribute product on the Internet the way we have historically. So our degrees of freedom and running room, for example, in the case of Hulu, we own 30% of Hulu. We don't have a vote, and we're required to do – whatever FOX and ABC do with Hulu, we have to do with Hulu. So if FOX and ABC go from a one-day window to eight days, we can then go to eight days. But if either one of them stay at one day, we stay at one day. So I think we've got – we're in a slightly unique situation during the period of that portion of the consent decree that we signed when we did NBCUniversal.

But to answer your question, I think we're big believers in TV Everywhere. We're big believers that you have to look at television consumption and where you're really getting paid. People can consume The Office linear, DVR, and 30% – 40% of the homes in America have DVRs. They can consume it on a DVR, VOD, or the Internet. And then there are various different ways in consuming it on the Internet: Hulu, NBC.com, and other places. And each one of those places has a different ecosystem of economics. And I think you've got to be very thoughtful and careful how you look at each of those ecosystems and make sure that you analyze them fully as you have a strategy to distribute.

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I think one thing you'll see from us is a feeling that linear is very important and that keeping the television viewing experience, which includes the VOD very attractive, is important. And it's important to NBCUniversal, not even looking at Comcast Cable. It's obviously important to Comcast Cable to make sure that people still have cable subscriptions, but we are not the company that we are without having a strong pay distribution business, and we want to do everything we can to make sure that that continues. And some of that means that we want VOD to be as robust as possible. We want TV Everywhere to be as robust as possible. And mainly we want to be very thoughtful with how we window and our product go out into the world because ultimately we need to get paid either through advertising or affiliate fees or through retransmission consent. Otherwise, the whole model just breaks down.

And by the way, I think this kind of thinking is going on in a very productive way at every well run media company in the business right now. I think there was a time two or three years ago when people said we've got to get everything out as quickly as we can. And I think people are much more thoughtful now, and we would certainly like to be put in that category of a company that really carefully thinks through how we distribute our hit shows.

Jessica Reif Cohen

Thank you so much, that's all the time we have, unfortunately.

Stephen Burke

Thank you.

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