

THOMSON REUTERS STREETEVENETS

EDITED TRANSCRIPT

CMCSA - Comcast Corp at Morgan Stanley Technology, Media & Telecom Conference

EVENT DATE/TIME: MARCH 01, 2016 / 6:15PM GMT



CORPORATE PARTICIPANTS

Brian Roberts *Comcast Corporation - Chairman, President & CEO*

CONFERENCE CALL PARTICIPANTS

Ben Swinburne *Morgan Stanley - Analyst*

PRESENTATION

Ben Swinburne - *Morgan Stanley - Analyst*

Okay, we're going to get started. If everybody could take their seats, that would be great. I will read my disclosures to help you find a place to sit.

Please note that important disclosures, including my personal holdings disclosures and Morgan Stanley disclosures, all appear as a handout available in the registration area and on the Morgan Stanley public website.

My name is Ben Swinburne; I am Morgan Stanley's media and cable analyst. And on behalf of Morgan Stanley we're really excited to have back at the conference to my left Brian Roberts. Brian is the Chief Executive Officer of Comcast Corporation and is our keynote speaker this morning.

For those of you who may not be aware, and in this market you probably all are, Comcast is the largest pay-TV provider in the United States with 22 million video customers, the nation's largest Internet service provider with 23 million broadband customers, also is the sole owner of NBCUniversal, one of the world's leading media and entertainment companies and also hosting the Olympics in Brazil.

So a lot going on and a lot to talk about. But, Brian, thank you so much for being with us.

Brian Roberts - *Comcast Corporation - Chairman, President & CEO*

Great to be here, Ben.

Ben Swinburne - *Morgan Stanley - Analyst*

Why don't we start off just maybe looking back at 2015? You recapped a strong and really eventful year for yourself and the Company both in cable and at NBC after calling off the Time Warner Cable merger. What did you say to the Company and the employees around the strategy that had to be put in place after that deal was abandoned? And how has all of that positioned Comcast for the future?

Brian Roberts - *Comcast Corporation - Chairman, President & CEO*

Well, first half of 2015 was on a personal basis and Company basis as tough as it could get. We lost my father, a wonderful life, and had founded Comcast, this was his baby. Then Time Warner, right around the same time we called it off.

So the second half of 2015 could have been sort of just blase. And I credit Neil Smit, who is our CEO of our Cable division, for one of the best leadership calls to action I've ever witnessed. I went to see Neil as we were making the Time Warner decision and said: Where do we go from here and can you help?

And he was, as many of you know, once in the Navy SEALs, SEAL Team 6, and said: Don't worry, I've got it. I kind of thought to myself, well, he's had some worse missions than a merger and then it failed. And if anybody can figure out how to figure it out, it's Neil.



Literally the next day, after we withdrew, rather than debate, look back, we said we were moving on. He said we're going to make customer service our best product. And that has been the mantra of the Company ever since.

And it's early innings, but we are seeing a beginning of a turnaround and real results. And for the second half of 2015 may be the best operating performance I've ever seen, but really the best operating leadership.

So just to put some numbers -- in the second half of the year if you took all the pay-TV companies, every single one of them, Comcast did better than everyone if you combine them and in broadband the same is true -- the sum total of all of that we grew more.

I'm pleased to sit here today and say we have more video customers today than we did a year ago, which is the first time in many years you can make that statement. But what I like is also the balance of revenue and cash flow growth.

We exceeded our budget and we grew video ARPU, we grew the overall ARPU of the Company. Our margin remained constant, so it's across the board and I think we are seeing with our products the X1 platform, the technological gap between us and our competitors with our innovation drive I think has never been wider.

These things can change. It's not all completely within our control, but the response, the churn rates are down, the on-demand usage is up. And then we just recently in May of last year, we launched our voice remote. And just between May and today we've put 5 million voice remotes in customers' homes. That's the fastest ramp of any product we've ever done.

People are using it. The heavy users use it a couple hundred times a week. The average is 100 and some odd times a month. 90% are getting paired onto go-forward X1 customers.

It's one thing to in the last five years to have tripled the amount of on-demand content to 75,000. Now the question is how can it recommend, how does it give me a good experience? How do I find it? And using voice, whether it's watch CNN or find kids movies or record Homeland. And every one of those actions you can use with your voice. We have the best voice in the world doing our media consumption.

So you put that together combined with a service platforms where we are doing things like a tech tracker where we notify you like Uber, we're on our way, 15 minutes away, here's who it is. You can rate them at the end to virtual hold, which is you call, rather than wait on hold just tell me what time you want us to call you back and we will call you back.

To my favorite, which is our goal for this year, that every single transaction you want to do with our Company you can do on a mobile device. You never have to pick up the phone if you don't want to. And that's the vision of where we're driving the Company to in a relatively quick sense of urgency way. And I think that's what's driving the results.

Over at NBCUniversal -- I just came from LA. We are celebrating with our leadership team, been off-site, the fifth anniversary of buying NBCUniversal. It's hard to believe it's been five years and we doubled the cash flow in the five years of a 100-year-old company in Universal and a 75-year-old company in NBC in five years.

We've returned NBC to number one. Telemundo has great momentum. The theme parks we can talk about have shocked us and the cable channels are the reason we are there and it's a great suite of channels. The NFL just chose NBC to move games to NBC from CBS in addition to staying on CBS with some of the games on Thursday nights.

And of course the Olympics coming this summer will be a chance to showcase Comcast NBCUniversal's ability to work together unlike any company in the states or in the planet.

So a very exciting way to start the year. I go back to that pivot point and what could have been. And I give Neil and the team incredible leadership for saving our Company and that's in the distant past.



Ben Swinburne - *Morgan Stanley - Analyst*

That's a great overview of a lot of things that are happening at Comcast, Brian. Maybe you can hone a little bit more on the cable business. We have argued in our research that I think the competitive position for the industry is as strong as it has been in a long time.

And of course broadband and video are the kind of two cornerstones there. Where are you investing as a company in the cable business to sort of ensure that momentum continues?

Brian Roberts - *Comcast Corporation - Chairman, President & CEO*

Well, first thing is -- thank you for observing that investing is what has created this leadership. And so, that's been our plan -- you've got to make smart investments, you've got to be willing to pivot.

But when we went DOCSIS 3.0, let's start with broadband. We don't talk enough about broadband. We have added 1 million customers -- now over 1 million customers just 10 years. And last year was faster than the year before which was faster than the year before that. So why is that? Why would a business that's been around 10 years be growing faster?

Well, first of all, what we as consumers are doing, if I gave your broadband of five years ago you would throw up. We're going to have 75% of our customers with over 50 megabits of speed this year. When we got to 5 megabits we thought it was something great a few years ago.

What we actually do in our homes, as we all know, is so much more complicated than what we were doing five years ago. So we read the market right, we got lucky, but all this innovation that's happening here in the Valley and San Francisco and elsewhere is making our broadband better and more necessary.

And therefore when we went to Wi-Fi after DOCSIS 3.0, that Wi-Fi is of course the most important thing in your home. And so, we have the fastest in-home Wi-Fi, we are investing it, we have the most hotspots in the nation. And everything we're doing is to continue on a road of innovation around that broadband experience. So what could that possibly be?

Well, at the Consumer Electronics Show this year, I was enamored with something I saw, which is what does a home look like today? So, we were at one place and you look and you saw well, there's your printer and there's your Xbox and there's your tablet and there's TV one, TV two, maybe TV three. There's a smart phone, maybe someday there's a smart appliance.

And what do those things all have in common? They are running on your Wi-Fi network. So who is the Company best positioned to actually call you up and say, you know why your printer is not doing well? Because it's blocked or it's taking the Wi-Fi away from one device to another and here's an extender. Can we come to your house and reconfigure it?

So, we're looking at smart Internet as an opportunity that not any other company has since we touch every device, even if all those things are not our devices. DOCSIS 3.1, 2 gigabits of speed. These are all initiatives that we are going to be, we think, first in rolling out and experimenting and then hopefully delivering to many customers.

On the video side, we want to take X1 -- we see lower churn, we see a great IRR on our box investment and we want to bring that platform to half the homes. We're in about a third of the homes today, this year. We are doing 40,000 a day of X1 installations. Customer satisfaction goes up. Their view of our Company goes up.

And we're trying to pivot our Company's culture with the scale that we have that we think is pretty unique to continue to reinvent and we have 1,500 software engineers, we have innovation labs here in the Valley. We have one in Seattle, Denver, Northern Virginia, and we are building a bigger one in Philadelphia.

So, culturally I think we're now making new products all the time and we're opening retail locations where you can try these products out. And you will be hearing a lot more during the Olympics as we advertise all of this across our platform.

Ben Swinburne - *Morgan Stanley - Analyst*

Great. As you know, Brian, over the years there's been a lot of debate back and forth about the benefits, or not, of having content and distribution in a single company. We've seen different companies going different directions, but you brought NBC and Comcast together.

Can you talk about in the context of synergies or dis-synergies and regulatory noise how you've created value by having these two companies together?

Brian Roberts - *Comcast Corporation - Chairman, President & CEO*

Well, we are thrilled, for lots of reasons, with NBCUniversal. Let's start with what matters most to this room, let's look at value. I think our job is to have a strategy, but also to take advantage of markets when they are disrupted.

And so, in 2009 while the world looked bleak, right or wrong we made a big bet and we bought a company that we think has wonderful assets. And we literally took \$3.2 billion of EBITDA and turned it to \$6.4 billion.

But I think we're -- and I hope we're just getting started. It's opened up a wide front of opportunities. We'll talk about international I'm sure at some point, but we are building a theme park in China. We just bought 51% of a theme park in Osaka. We now have an office everywhere in the world where we sell movies and television shows.

But the synergy we call Symphony we are thrilled with and I think you are starting to just see the momentum built. So take Jurassic World, largest movie ever in China, one of the largest movies ever in the US. We had little dinosaurs popping up on the Golf Channel before the movie opened and little vignettes.

When you went to NBC, they are showing that all the cable channels were replaying the original Jurassic movies. Over at the XFINITY side when you went to On Demand and you logged in it was all sorts of clips and behind-the-scenes and trailers.

When we open a TV show on NBC, XFINITY and all the other networks are working together and we see the ratings perform better. We look at the Olympics, the best way to consume the Olympics will be through XFINITY, but at the same time it will be the most spectacular technological coverage.

If you take one thing away from this, get excited for August in Rio. The team looks great, but the coverage -- if you go back 20 years, the way we would watch an Olympics on one channel in prime time -- this is going to be all live. We're going to have seven channels broadcasting it pretty much full-time, digital devices.

This is powering Comcast NBCUniversal. And when we go to hire kids, we've created an MBA program. We take six or seven elite MBAs from out of the country and we rotate them. Get to work at SNL, get to go be in strategy at a theme park, come down and work on X1 and maybe help figure out how to manage call centers and then figure out what you want to do. And we've been doing that every year for the last five years.

Our employees have moved -- about 10% of all the senior executives or 15% at NBC all came from Comcast and vice versa. So whatever negatives may happen by doing it, we see the scale, the innovation, the attractiveness to our employees and the global opportunities being completely transformed.

And oh, by the way, we probably tripled our investment or some such number and added tremendous value to shareholders. And there's an example of it all kind of coming together. And we'll just hopefully keep it that way.



Ben Swinburne - *Morgan Stanley - Analyst*

Sticking with some transformation, the investment you made in your video business led by X1 has borne out real results in the business, particularly around customer trends we've seen. Maybe just stepping back, what has that platform meant for your customers and for your business overall? And kind of what's the vision for that from here?

Brian Roberts - *Comcast Corporation - Chairman, President & CEO*

Well, about 10 years ago we went to the Consumer Electronics Show and rolled out something we called Project Infinity. Look, you just had Verizon up here a moment ago. There's lots of competition. What could we do that would be truly a game changer?

And we said we would like to give every piece of content on any device at any time to a consumer. That's the vision. And we're going to go build a machine to do that and then we'll have a conversation with the rights holders to try to get infinite amount of choices.

And then we kind of did that and the world -- all the great technology of the world has allowed that to basically be the world we're in. Now the question is how do you organize that content in a way that I actually know I get it and I can enjoy it when and how I want to enjoy it? And we all are not the same.

So we made some progress on that. Tablets came along, Wi-Fi came along, again a lot of things broke the right way. And the last piece of the puzzle, the next piece of the puzzle was well, how the hell do you find it? It's infinite.

And we even changed the name of the Company to XFINITY to try to demonstrate we're not cable company and that's where I think voice is so great. Clearly being able to have recommendations and make it simple and easy to navigate and fun, have it go across all the devices.

So we're merging our apps this year, we've got an XFINITY Go app, XFINITY TV app. People have stood on stages like this and said oh, TV Everywhere is not working. Let me take the other side. We have about 35% of our customers, 7.5 million, who have our app and they use it the same way they use on-demand, many times a month, tens of times a month, half an hour each time, they are consuming on devices.

We have about a 40% growth in the last two years in that XFINITY TV experience on other devices. We have a product called Stream. We have an XFINITY on campus. We have something called Internet Plus, all trying to engage people to try more than just broadband. And then we usually get about a third of the people to go up to the full package within the end of their promotional period.

So, we are all about giving you more, making it fun, making it easier and now can we expand that to your whole home? So we've got XFINITY Home where you have thermostats and lighting and we are working with Lutron and we are working with August Locks and we are working with Nest thermostats and we are making our own.

And so we are seeing a slow and steady march towards that. And the other business that we haven't talked about is the business services, bringing a lot of that same capability to small- and medium-sized businesses, that's really the fastest-growing part of the Company.

So it's all riding off this investment we've made in the network and having an interface that is always improving. And all of that changed when we moved it to the cloud and that's something that harder for satellite to do. That's something that's hard if you don't have the scale to do.

But if you can do both of those, we suddenly -- you go back and get the old product, you go I never want to see that again. The new one is just a quantum leap better. So right this minute our challenge isn't how to make it better again, we will never stop. It's how to get it into every home. Because only 35% of our customers have it and that's where we are going to get to 50% this year and hopefully higher next year.

Ben Swinburne - *Morgan Stanley - Analyst*

I'm going to dive into the two businesses in a little bit more detail in a minute, but just one more sort of bigger picture question about your business. Every conversation I have about the cable industry including Comcast ends up talking about regulatory risks. And it's been a long, tough slog in Washington for the industry. What do you tell your shareholders about the regulatory oversight around the business and whether that could impact your earnings power long-term?

Brian Roberts - *Comcast Corporation - Chairman, President & CEO*

Well, I think you start by saying it's an election year. There's obviously tremendous extreme opposites being discussed depending on which candidate you are listening to at any moment. I think if you talk to a lot of businesses in the final year of a presidency and an election-year by definition, there's the same view -- probably investors here would have a better point on this than I would.

Every industry, when I go to a business roundtable I hear the same thing, oh, the EPA or the FDA or in our case the FCC. So maybe because Congress isn't passing a lot of laws as most of the action is at the regulatory agencies.

In our case we've seen this before. Sometimes things get rushed through the system at the end and then the courts in the fullness of time don't see that they were truly appropriate and other times we've been able to adjust our business and do just fine.

So sitting here today, one, I don't take it that it's totally uniquely happening here. And secondly, there's nothing yet that has fully resolved itself through the process that we can sit here and say the shareholders have to have a different point of view. But it's something I can't uniquely control.

I think we're trying to stick to our Company this year. I don't envision any great activity that would require a whole other conversation about us and try to execute this year the momentum that we've got and let this sort itself out a national basis not on an industry-specific basis.

Ben Swinburne - *Morgan Stanley - Analyst*

Great. Let's talk about the cable business more in the here and now. There's a lot of discussion on skinny bundles and cord-nevers, particularly in this market, millennials not signing up for pay-TV. Yet your video results are all moving in the right direction.

Maybe you could talk a little bit about what Neil and his team are doing from a product and service and segmentation perspective and play offense here, sort of make these changes at the consumer level a benefit to Comcast.

Brian Roberts - *Comcast Corporation - Chairman, President & CEO*

Well again, I just want to underscore what I said a moment ago. We have more video customers today than we did a year ago. That's the first time we could make that statement in over a decade.

We've had satellite competition, phone competition all from scratch over the last 15 years and it's not that that competition is lessening. I think we've gotten better. The competitors have matured and they are cycling around themselves. And in some instances their attentions are off to other businesses in their portfolios.

That has allowed us an opportunity to stay focused and try to hit the pedal and a number of you are our customers and if I showed you all our apps you might go I didn't know I could do all that. So one of our things is customer education and we do so much. We are so important to people's lives that often we take it for granted.

And so you get distracted. Well, we're not distracted. We're focused on giving you a great experience and making sure the products you have you appreciate they are the best in the world. And usually that will inure itself to good value.

We think we can increase the value by having more programming available, getting more serious. We had 700 series that we now have full bankable episodes. We have somewhere between 35% and 50% of the top 100 shows that you have -- we have all top 100 shows somewhere between five episodes and the full season. So it's an ongoing conversation between skinny bundles and more on-demand rights.

And we're going to sit here next year and the year after and year after and have a similar conversation because there's no instant answer. One company sees it one way, one sees at another.

But I think it's healthy that as people worry about the future that they make sure that they understand and appreciate how valuable what we do together is to a consumer and we're constantly trying to enhance explain that value. I think we're doing pretty well and we've made real progress in the last 12 months.

Ben Swinburne - *Morgan Stanley - Analyst*

One of the things you talked about on the earnings call, Mike in particular, was programming cost growth in 2016 would accelerate from 2015 just based on the timing of some renewals. For a long time programming cost growth has grown 2x, 3x your video revenue. So you had that margin squeeze in video. But when you look out over the longer term, why shouldn't your cable business benefit from a moderation in content cost growth over time?

Brian Roberts - *Comcast Corporation - Chairman, President & CEO*

Well, I looked at the last 3, 5, and 10 years and we've been averaging 7%, 8% double inflation, some number like that. This year we've said maybe next couple years we have a little higher than that, partly just timing of renewals.

So I think as you take a longer-term view -- look, I don't have a better crystal ball, but history would suggest it's lower than what we're going to do right now. So there's a lumpiness to that business. And I think you are going to see real tension around is that sustainable? And if so is it therefore a product that's going to shrink? How many people take it or can there be different forms of it?

One of the reasons we bought NBCUniversal is to be on both sides of that conversation to help try to shape it in a way that could be good for consumers. But I don't have an answer except that in the pendulum swinging I think there is a real awareness by many of the programmers that we've got to create alternatives for consumers and not just make it a binary decision, all or nothing.

And that's an ongoing process and its tense. But we are -- it will also -- in my mind, something you can control is to make your version of the experience better than anybody else's so consumers prefer us and that is why I think we've got the momentum we do.

Ben Swinburne - *Morgan Stanley - Analyst*

That's helpful. On the commercial business, which you mentioned earlier in our conversation, Brian, that business I think has now exceeded Verizon's who was on stage performer and approaching AT&T, at least how they report it. It's a big growth driver for you. Maybe talk about the strategy in B2B and sort of what's the opportunity from here?

Brian Roberts - *Comcast Corporation - Chairman, President & CEO*

It's a great opportunity. We are a \$5 billion run rate from scratch with a margin higher than any part of the Company, or at least the consumer part if you take the package.

And I met somebody the other day who is a small business operator and said oh, I love your product, which not too many people say that to you at a cocktail party. Occasionally you get a few service problems and we are getting better at that.

And so, you realize you are the most important customer in the Company as you're a small business. And Verizon is serving probably this hotel or the Pentagon and so the most important customer is your biggest customer.

And in the case of us, our business services are our best customers and they say oh my God, your service is incredible. You're there whenever I need it. I don't need it very often. It's reliable, it's great. All the things we want to have every single time for the tens of millions of customers. But for the tens of thousands who pay a premium who are businesses.

So we looked at how do we expand that and go up market. We have something great. We have fiber to -- we can give you fiber to your premise. We're doing that more and more. Let's do it for the businesses, so we went to the medium-size market and we're kind of just getting started there.

And we just recently announced the enterprise market and we have aligned ourselves with some other distributors outside of our territory so we can come with a comprehensive offering to enterprise customers.

We just signed up one of the big banks for all their ATM machines, opened fiber to their key locations. And so we see this as a \$5 billion a year business growing at 20%-ish type revenue top line. Most of that is falling to the bottom line, kind of just scratching the surface so we added a \$10 billion to \$15 billion new market in enterprise potential.

So, we are very focused. We have a super leadership team, very stable, and we're attracting a real sense of energy, cloud services, virtual PBX, but it's all being driven by the broadband needs of people to move data around multiple locations.

Ben Swinburne - *Morgan Stanley - Analyst*

I know you're investing a lot in the business [business]. But maybe you can step back, just talk to us about CapEx. In general it's a big topic. I think if you include your intangibles plus capital spending it's about 18% of revenue in the cable business this year from, say, 15% back in 2012.

And I think we look at the X1 deployment we think we come out of that over the next couple of years. Maybe you can just help us think about where you are investing and how we might think about the trajectory of capital intensity over time.

Brian Roberts - *Comcast Corporation - Chairman, President & CEO*

Well, we're pretty disciplined and I think deliberate in being transparent both within the Company and with investors about capital at all moments in time. Not all capital is created equal. Some you have to do and some you want to do. And right now we are in an era of the capital we are spending we want to.

Giving you a better Wi-Fi in your house is job one. Giving you faster Internet speeds is job one -- these are things that is what's powering our success. We wanted to prove to ourselves that X1 would lower churn, that it would sell more packages, that it would sell more On Demand, that it would have longer subscriber life.

And we have convinced ourselves now 10 million times, 12 million, 13 million times which is the number of X1s we put out, the cost of these boxes is falling. The whole-home solution, the cloud DVR, by moving things to the cloud, everything is economically getting more attractive, not less.

Some of it does include software intangibles. Some people include that, some people don't in the capital way you look at things. But I think we do one year guidance that you're not going to get me to go beyond. Nice try.

But what I can say is because while we have a five-year plan internally and while we always manage our businesses that way, we are very disciplined in stepping back and trying to be honest with ourselves -- are we getting the return? Should we accelerate it or slow it down? What's the competition doing? And we have got to be dynamic and we're being transparent with you as we are.

Mike Cavanagh, you mentioned, is an example of a lot of things working well to recruit, first of all, Mike Angelakis, who many of you know, super CFO for us for many years, wanted to do something different and we were fortunate to through friendship and through all the assets of Comcast NBCUniversal to convince ourselves together that let's set up a new company, Atairos.

He launched it January 1 and they're just going to play offense and have -- just for us and our shows with better kind of construct than any other fund out there from our perspective because there's no rush to buy and sell.

And talked to him this morning and said you know, just remember there's no called third strike in investing, Warren Buffett's great line. Let's just wait until you find something you can make the shareholders really proud of.

So we need to recruit a new CFO. In doing a search we are thrilled Mike Cavanagh who could be well running a public bank or was President of Carlyle and helped build the J.P. Morgan Chase -- with Jamie from Bank One days -- wanted to come and help us rethink and think anew.

We hired from a company called Morgan Stanley Bob Eatroff to be global head of acquisitions for the Company who has been doing that for Morgan Stanley for many years to work for Mike and build with our new strategy head from Devesh, who was at Boston Consulting Group.

So we have a whole new team, all of whom want to be here right now, not tied to our past, looking at our future with incredible enthusiasm, looking at the capital and trying to rethink the prioritization with a fresh set of eyes.

And looking at all the other capital opportunities, whether it's a theme park or whether it's some wireless initiative or whatever. And I welcome that and I think that will be really healthy as we try to remain as successful in the future as we've been lucky enough to be in the past.

Ben Swinburne - *Morgan Stanley - Analyst*

You mentioned wireless. Maybe you could just talk on about your vision and if you view your Wi-Fi footprint as some of the key strategic and competitive advantage in the marketplace.

Brian Roberts - *Comcast Corporation - Chairman, President & CEO*

Not to make too much of it right here near Apple, late Steve Jobs -- in a meeting I told you this once -- sat there and Steve Burke and I were meeting with him, we were trying to get them to help us on a cable box. And he said: why don't you just be the best dumb pipe?

And we sort of said, well, okay, that's an interesting strategy. I will go home and tell everybody we like to be dumb. But in its essence it was have the best network and that's strategy one.

The other thing he said was why don't you put Wi-Fi in every cable box. And at the time I literally had to go home and say tell me again what's Wi-Fi.

So I think the tech community has seen the power of our network going back to Bill Gates in 1997 putting \$1 billion into Comcast because he said: someday you will have more data subs than you have video. Literally said that phrase. I thought that was insane, we had zero. And of course last year we switched from having more data than we do video.

So I think sometimes you are the last one to see how valuable your assets can be. And I think in the case of Wi-Fi we absolutely have a special asset, that this technology is uniquely positioned for short distances combined with a wire, our wire hopefully, taking you longer distances where you have an MVNO relationship with Verizon.



We're looking forward to at some point lighting that up and trialing that and seeing whether we can create more value for consumers in bundles. And we don't feel a need to change the profile of the Company, but we constantly want to be relevant with products and suites of products that are relevant to our consumers today and our consumers tomorrow.

And clearly wireless falls into a category. We've got to keep being in a vanguard. But if you take the amount of bits that are going over in and out of the home, the majority of the bits in this country are traveling on Wi-Fi right now and we have the best Wi-Fi. That's a great position, a real asset.

Ben Swinburne - *Morgan Stanley - Analyst*

I want to make sure before we run out of time that we go into the NBCUniversal story, which is an impressive one. Maybe starting with the broadcast business, when you inherited I think you are in last place among the big networks now you are in first. Maybe you could talk about what Steve has done there. And we see a lot of EBITDA potential in that segment from here.

Brian Roberts - *Comcast Corporation - Chairman, President & CEO*

Actually I know Les Moonves was here I think yesterday. You're right, we get down to the last four minutes and rush it in. I'm glad others are just talking about it, but we've gone from \$100 million of EBITDA to \$800 million as we reported in 2015. We've gone from last place for a long time to first place.

Bob Greenblatt has done a super job. NFL took notice and moved five games from Thursday night onto our platform. That's going to help. That allows advertising to be really exciting to buy across the whole company. You bring something like the Olympics, we will have a blockbuster summer. And we are heading into an upfront where the scatter market has literally never been better.

And then retransmission where we are on all sides of that story back to -- we bought the Company, there was zero retransmission dollars and we're going to be right in the pack with the rest of the broadcasters and we have the number one broadcast in 18 to 49. That's a really great achievement for five years.

Ben Swinburne - *Morgan Stanley - Analyst*

And on the parks side, this is a business that was tiny when you bought it and sort of a little bit of an afterthought for a lot of investors. You're actually investing a lot there and you can talk about the investment strategy at parks.

Brian Roberts - *Comcast Corporation - Chairman, President & CEO*

One of the things you have to also -- this is what we talked about yesterday with our leadership team is you've got to be willing to admit when you're wrong and do it fast and we were wrong about theme parks.

We told our Board this is not a business we were excited to get into when we were outsiders buying NBC and we got there and we looked at each other and said my gosh, they've got a better product for this and it's a smaller scale so you can upgrade that faster and quicker. There's no hotels and there's two of us in this big Orlando market and LA market and we have had nothing but incredible run.

We did \$1.5 billion of EBITDA. It's recurring. It's our kind of business. We have a super creative team. I just had the privilege of riding the Harry Potter in LA on Sunday, which will open in April. It's spectacular. I highly recommend it for the West Coast crowd here very soon.

We looked at China. We said, you know, we want to be global. Everyone is thinking one thing. Let's think something else. They've licensed theme parks around the world. They didn't own any of it. I'm like it's the same Harry Potter, it's the same synergy with Minions, it's the same Jurassic World in China movie, why don't we try to own a piece? And Disney is doing that, we should do that. So we changed the deal.



We just bought 51% in Osaka, 12 million people in Japan. We don't have operations in Japan. Go to our theme park, we make a license fee. Not any longer. So I think it's presenting an opportunity to reimagine, reinvigorate. We have a long-running growth rate. We're going to open a water park in Orlando.

We have been partnered with Loews in building hotels in Orlando. They are 90% plus occupied all the time. It's a marvelous business and as soon as we saw it, we pivoted and I think we have a long, great runway and I'm very excited about the theme park business.

Ben Swinburne - *Morgan Stanley - Analyst*

Great. Maybe just to wrap up, Brian, since we're running out of time. I wanted to ask you about capital allocation and how you think about balancing M&A, which you commented on the earnings call about I think successfully calming people, ways of returning capital to shareholders.

Brian Roberts - *Comcast Corporation - Chairman, President & CEO*

Well, I think what we are proud about is trying to find a balance. Talk to some investors, it's one thing. Talk to others, they like something else. It's a conversation. We roll it out once a year. Mike did a super job, went out and talked to many of you and we basically increased our dividend 10%. We announced we're going to buy back \$5 billion worth of stock.

At the same time we were able to do Japan and invest in X1 and work on service, keep our leverage at a level that we can issue in good times and sometimes in bad times. We still can issue -- all of our free cash flow is basically -- most of it is finding its way to investors in one way or the other depending on how you look at it.

Last year in 2015 that would have gotten you 6.7% yield if you took the buyback and the dividend from that year. And we are very comfortable in that low 2s, 2 to 2.25 range, 2.2 or something I think Mike said on the earnings call. So in terms of the leverage ratio and we will always continue that conversation.

Ben Swinburne - *Morgan Stanley - Analyst*

Great, well listen, I really appreciate you sharing your insights and time. Thank you very much.

Brian Roberts - *Comcast Corporation - Chairman, President & CEO*

Thank you all.

Ben Swinburne - *Morgan Stanley - Analyst*

Thanks, everybody.

DISCLAIMER

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

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

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

©2016, Thomson Reuters. All Rights Reserved.