PARTICIPANTS

Corporate Participants

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

Other Participants

Jessica Reif Cohen – Analyst, Bank of America Merrill Lynch
Jason S. Armstrong – Analyst, Goldman Sachs & Co.
Douglas Mitchelson – Analyst, Deutsche Bank Securities, Inc.
Jason Boisvert Bazinet – Analyst, Citigroup Global Markets Inc. (Broker)
Benjamin Swinburne – Analyst, Morgan Stanley & Co. LLC
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MANAGEMENT DISCUSSION SECTION

Operator: Good morning, ladies and gentlemen, and welcome to Comcast's second quarter 2013 earnings conference call. [Operator Instructions] 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.

Joining me on this morning's call are Brian Roberts; Michael Angelakis; 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 now 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 turn the call to Brian Roberts for his comments. Brian?

Brian L. Roberts, Chairman & Chief Executive Officer

Thanks, Marlene, and good morning, everyone.

I'm really pleased with this quarter's results, particularly the outstanding growth in high-speed Internet and the strong performance across NBC Universal's businesses leading us to having a very solid second quarter with revenue growth of 7%, cash flow growth of more than 8% and record second quarter free cash flow of nearly $2 billion.

Michael will discuss these results in more detail but let me start by providing some highlights. Cable had another strong quarter with revenue and cash flow growth of nearly 6% and high-speed Internet, business services and video continuing to power our growth. Business Services has impressive organic momentum with the highest growth rate of all our businesses at 26%.

We once again improved our year-over-year customer performance. We added 189,000 combined Video, Voice and Internet customers, which is a 37% increase from last year's second quarter. High-speed Internet led the way with 20% growth or 187,000 net additions. This was our highest level of high-speed Internet performance in net adds in a second quarter in the last five years. Our Voice business also had another strong quarter with 161,000 net additions and consistent with our goal of ongoing improvement in Video, we reduced Video losses by nearly 17,000 year-over-year.

So helping to drive these results is our innovation, which is delivering increasingly differentiated and better services. In the last six months, we substantially increased the speed of our high-speed Internet service for nearly 14 million customers or 70% of our base. And in the last year we have increased service speeds across our entire footprint.

We also continue to expand the availability of Wi-Fi, which is at the center of our strategy to offer our customers the fastest online experience across devices both inside and out of the home. We have now installed more than 4 million wireless gateways and increased our Wi-Fi coverage to 250,000 hotspots through both our cable partnership and our home hotspot initiative.
In video, we have launched X1, our new cloud enabled platform, to more than half of our footprint and we're on track to have X1 available nationwide by year end. Many of you have seen our demonstration of X2 and we'll have this enhanced user interface in the market by year-end. X2 illustrates how quickly we can now upgrade via software to provide a brand-new experience to our customers on the same X1 hardware and platform. All in all, Cable's having a great first half of the year and Neil Smit and his team continue to execute really well.

Let me now switch to NBC Universal where we also have strong momentum. In the second quarter, every one of the NBC Universal businesses contributed to revenue growth of nearly 9% and operating cash flow growth of 21%. Film and cable networks drove strong cash flow performance in the second quarter and we also benefited from steady progress at the theme parks and in broadcast as we expected.

We saw strengthening results from our cable entertainment networks particularly at USA and Bravo as well as strong sports performance from NBC Sports Network which enjoyed its most watched NHL playoffs in record and Golf Channel which recorded its most-watched second quarter ever.

Just last week we announced a 10-year agreement that will bring NASCAR to our broadcast and cable properties beginning in 2015. The quantity and quality of content in this deal is a really significant step for the NBC Sports Group.

In film, our focus is to continue to build franchises and we've had some ups and downs but we've had two big successes with Fast 6 in the second quarter and more recently with Despicable Me 2 from Chris Meledandri and his talented team at Illumination. This is our first full quarter of ownership of all of NBC Universal and given the strong performance and market conditions that we had at the time we made our decision I feel really great about the timing and structure of the purchase of the 49% interest.

So the entire company is executing really well in our many different businesses. With such a strong quarter and a great first half of the year it makes us optimistic about our fantastic combination of businesses that have so many growth opportunities ahead.

Let me now pass to Michael to cover the second quarter results in detail.

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

Good morning and thank you, Brian. Let me begin by briefly reviewing our second quarter consolidated financial results starting on slide 4.

Overall, we are very pleased with our second quarter performance, which demonstrates consistent execution, profitable growth and the fundamental strength in our businesses. Second quarter consolidated revenue increased 7% to $16.3 billion and operating cash flow increased 8.4% to $5.4 billion reflecting strong organic growth in both our Cable Communications and NBC Universal businesses.

Free cash flow for the second quarter, which excludes any impact of the economic stimulus, increased 25.4% to $1.9 billion and free cash flow per share increased 28.1% to $0.73 per share in the quarter. This growth was primarily driven by increases in consolidated operating cash flow and improvements in working capital that reflect a strong performance of our films slate and timing of production which was partially offset by increased capital expenditures and cash taxes.

Earnings per share for the quarter increased 30% to $0.65 per share compared to $0.50 per share in the second quarter of 2012. On a consolidated basis these are strong results. Now let's review the results of our businesses in more detail starting with Cable Communications on slide 5.
We are pleased with our second quarter performance of healthy revenue growth and improved customer metrics in our Cable Communications business. We continue to focus on executing the appropriate balance between customer and financial growth. In the second quarter, Cable Communications revenue increased 5.8% to $10.5 billion driven by continued strength in high-Speed Internet and Business Services as well as higher video and voice revenue. As a result, total revenue per video customer increased 7.4% to $160 per month.

Contributing to the revenue growth are rate adjustments, growth in our customer base, an increase in the number of customers receiving higher levels of our services and an increasing number of customers taking multiple products. From a customer relationship standpoint we continue to make progress on our bundling strategy and at the end of the second quarter 77% of our video customers took at least two products and 42% took all three services.

Despite the typical second quarter seasonality in many of our markets, we experienced strong growth in our customer metrics and showed year-over-year improvements across all of our products. Combined video, high-speed Internet and voice customers increased by 189,000, a 37% increase in net customer additions compared to the second quarter 2012. We improved our video losses by 10% as we lost 159,000 video subscribers in the second quarter compared to a loss of 176,000 in last year's second quarter. As Brian mentioned, these are the best second quarter customer results for both our video and high-speed Internet services in the past five years.

Our second quarter video revenue increased 2.7% driven by the impact of rate increases, partially offset by lower pay-per-view revenue, which reflects fewer events in this quarter. In addition, the higher revenue reflects an increasing number of customers taking advanced services. In the second quarter we added 51,000 advanced service customers and now have 12.1 million high-def and or DVR customers equal to 55% of our video customers.

High-speed Internet revenue was again the largest contributor to cable revenue growth with revenue increasing 8% driven by rate adjustments and continued growth in our customer base as we added 187,000 new high-speed Internet customers, a 20% improvement over last year. We continue to improve and differentiate our high-speed Internet service and over the last year we have increased service speeds across our entire footprint, increasing our primary service from 15 to 20 or 25 Mb and doubled our Blast! service from 25 Mb to 50 Mb. At the end of the quarter, 33% of our residential high-speed customers take a higher-speed tier above our primary service and our penetration was now at 37% of homes passed.

With regards to the voice service revenue, it increased 2.4% for the quarter reflecting growth in our customer base as we continue to focus on the value of our triple play bundle. In the second quarter, we added 161,000 new voice customers, a 2% increase over last year as we successfully converted single and double play customers to triple play and acquired new triple play customer relationships. At the end of the second quarter, our voice penetration was 19% of homes passed.

Moving from our consumer to our commercial businesses, we continue to experience momentum in business services, which was our second largest contributor to Cable revenue growth during the second quarter with revenue increasing 26.4% to $788 million for the quarter. The small end of the market, or businesses with less than 20 employees, account for nearly 85% of business service revenue and continue to be a significant driver of our growth. The midsize business, which is growing at a higher than 50% annualized rate, continues to represent approximately 15% of this group's revenue.

Switching to our Cable Advertising Group, revenue increased 1% during the second quarter. However when you exclude the impact of last year's political revenue, our core Cable Advertising revenue grew by 5%. Please move to slide 6.

Second quarter Cable Communications operating cash flow increased 5.7% to $4.3 billion representing a consistent margin of 41.4%. In the second quarter, total expenses in Cable increased 5.8% primarily reflecting higher programming expenses and advertising and marketing promotional expenses as well as additional costs related to the expansion of business services and XFINITY Home. Programming expenses increased 8.1% in the second quarter reflecting higher rates and step ups related to certain agreements, increasing retransmission consent fees and our expanding content lineup on multiple platforms, partially offset by a delay in certain network launches.

We are pleased with our management of these costs year-to-date but continue to expect programming expense growth to accelerate to low double digits in the second half of 2013 due to planned step-ups in certain contracts and the timing of network launches. As a result, we expect our full-year program expenses to increase by approximately 10%.

In addition, advertising, marketing and promotion expenses increased 8% reflecting higher overall media spend and a continued investment in direct sales to support growth and enhance our competitive position in both our residential and commercial businesses. These increased marketing efforts have had a positive impact on our core customer metrics as well as promoting new products such as X1 and XFINITY home. We continue to offset these increased expenses through modest rate adjustments, an improving product mix, an increasing number of customers upgrading to higher levels of service such as high def and DVRs and faster Internet speeds as well as further efficiency gains.

We continue to pursue efficiency gains in the second quarter as we reduced our activity levels by nearly one million truck rolls even as we added 189,000 total new customers. Customers continue to elect self-installations, which in the second quarter accounted for 40% of our total installations compared to 28% in the second quarter of last year. In addition, we now have 31% of our customers managing their accounts online. All of these improvements result in a better experience for our customers and improved productivity for our cable operations.

Now let's move on to NBC Universal's results. Please refer to slide 7. For the second quarter of 2013 NBC Universal's revenue increased 8.9% and operating cash flow increased 21.3%. Now let's take a closer look at the individual segments at NBC Universal.

For the second quarter Cable Networks generated revenue of $2.4 billion, an increase of 7.7% driven by a new content licensing agreement, a 4.4% increase in distribution revenue and a 5.7% increase in advertising revenue as ratings pressure at some of our cable networks was more than offset by a strong scatter market. Cable Networks' operating cash flow increased 8.9% to $860 million in the second quarter reflecting improved revenue performance and lower advertising, marketing and promotional expense partially offset by a 9% increase in programming and production costs as we continue to invest in original programming to enhance our franchises.

With regards to our broadcast television segment revenue increased 11.6% to $1.7 billion in the second quarter reflecting an increase in advertising due to higher prime time ratings driven by the timing of key shows primarily The Voice and higher retransmission consent fees offset by lower content licensing revenue due to the timing of content availability. Broadcast's operating cash flow increased 6.4% to $206 million in the second quarter reflecting higher revenue and increased programming and production costs associated with the timing of certain shows in our prime time schedule.

Moving to film entertainment our second quarter revenue increased 12.8% to $1.4 billion driven by higher theatrical revenue from the strong box office performance of Fast & Furious 6, from higher content licensing revenue from the availability of prior films in the international TV market and higher home entertainment revenue driven by the continued success of Les Miserables. Film's operating cash flow increased $116 million to $33 million, reflecting the strong performance of the studio's film slate.

Switching to our Theme Park segment, revenue increased 1.1% to $546 million and operating cash flow decreased 1.6% to $231 million, reflecting the fact that the holidays occurred in the first quarter of this year compared to the second quarter of last year. Even with this shift, theme parks are performing well as their solid results are driven by a healthy attendance and increased per capita spending, which continued to benefit from the success of the Harry Potter attraction in Orlando and the Transformers attraction in Hollywood, partially offset by an increasing operating cost to support the addition of new attractions.

Let's move to slide 8 to review our consolidated and segment capital expenditures. Consistent with our plan in the second quarter, consolidated capital expenditures increased 17.1% to $1.5 billion compared to $1.3 billion in the second quarter of 2012, and year-to-date, capital expenditures have increased 16.5% to $2.9 billion, reflecting increased investments at both Cable and NBC Universal.

At Cable Communications, second quarter capital expenditures increased $116 million or 10.4% to $1.2 billion, equal to 11.9% of Cable revenue versus 11.4% in the second quarter of 2012. The increase primarily reflects higher spending on CPE such as advanced digital boxes, including X1 and wireless gateways, our continued investments in network infrastructure to ensure our leadership in video and high-speed Internet, as well as the expansion of new services that will generate attractive returns such as business services and XFINITY Home.

Year-to-date, Cable Communications capital expenditures have increased 7.1% to $2.3 billion, representing 11.3% of Cable revenue. We continue to expect that for the full year of 2013, Cable capital expenditures will increase by approximately 10% compared to 2012.

At NBC Universal, capital expenditures for the second quarter 2013 increased $104 million to $260 million, and year-to-date, have increased $256 million to $523 million. This higher CapEx is primarily driven by the increased investments in theme parks as we build new attractions. We are now accelerating NBC Universal's capital investment plan, primarily driven by the theme park's investment in new attractions such as Transformers and the expansion of Harry Potter in Orlando as well as Despicable Me in Hollywood. As a result of this acceleration, we now expect NBC Universal's full year 2013 capital investment plan will increase by approximately 50% from 2012 to approximately $1.1 billion.

The investments we've made in our theme parks over the last few years have reset the level of our parks profitability and have yielded very strong returns. We expect these investments to do the same. Please refer to slide 9.

As I mentioned earlier, we generated consolidated free cash flow of $1.9 billion in the second quarter, an increase of 25.4% compared to last year's second quarter. This result translates in a free cash flow per share increase of 28.1% to $0.73 per share. For the first half of the year, we generated $5.1 billion in free cash flow, an increase of 10.7% over the first half of 2012, and year-to-date, free cash flow per share has increased 13% to $1.90 per share.

We ended the second quarter with consolidated debt of $46.6 billion plus $725 million of subsidiary preferred stock, resulting in a debt-to-operating cash flow leverage ratio of 2.3 times. We view our balance sheet as a strategic asset and are focused on strengthening our financial position over the next few years with a medium-term leverage ratio target of 1.5 to 2 times.

We are executing on our 2013 financial plan, and year-to-date, we have returned $1.9 billion of capital to shareholders, including share repurchases totaling $1 billion and dividend payments totaling $942 million.

Overall, we are very pleased with the operational and financial progress we have made during the first six months of this year. We believe that our disciplined investments along with our focus on execution will continue to generate healthy organic growth and 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] Our first question comes from Jessica Reif Cohen with Bank of America Merrill Lynch. Please go ahead.

<Q – Jessica Reif Cohen – Bank of America Merrill Lynch>: Thanks. One Cable and one NBC Universal. On Cable, I'd love to get your views on M&A. Is there any room for Comcast to grow either domestically or internationally?

<A – Mike Angelakis – Comcast Corp.>: Okay. Why don't I take that question, morning, Jessica. With regards to M&A, I think you can tell by the results we just posted, we are really focused on executing our business plan and we really think there's a lot of organic growth opportunities in the business. That being said, we're always, want to look at everything, we want to be educated, we really want to spend time internationally. We have about $4.5 billion dollars of our roughly $65 billion revenue base in international, so we're a bit underweight. And every country is very different, and certainly relates to NBC Universal and some of their business.

So I would say, number one, we're really focused on just running the business and executing our plan. Number two, we remain very disciplined, and we have these strategic and financial filters that we utilize for all M&A. And number three, we want to make sure we're very well educated on what the market is in those kind of items. So I think that sort of summarizes how we view M&A both domestically and internationally.

<Q – Jessica Reif Cohen – Bank of America Merrill Lynch>: Just a follow-up on that one, but how big are you, legally? Is there a limit in terms of how big you can get in the U.S. in Cable?

<A – Mike Angelakis – Comcast Corp.>: I don't think there really is. There's been a number of rulemakings that have been knocked down, but obviously that's a grey area.

<Q – Jessica Reif Cohen – Bank of America Merrill Lynch>: And then I guess turning to NBC Universal, you guys in the past have spoken about an entitlement gap, and I'm just wondering if you can address that in terms of where you are on both affiliate fees and CPMs for the Cable Networks, and I guess the same question on broadcast in terms of CPMs and retrans?

<A – Brian Roberts – Comcast Corp.>: So just to define it, entitlement gap is what we call the gap between the true performance of our cable channels and broadcast network, and what our CPMs are relative to other like channels, and what our affiliate fees are. On the affiliate fees side, we've reset about 25% of our affiliate deals in the last year or so, and made good progress. But the other 75% will occur in the years to come, and we think there's clearly a gap in terms of what we deserve to be paid and what we are paid based on where the marketplace is.

On the advertising side, we have the same kind of a gap and the same kind of opportunity. In some instances, there are cable channels and broadcast channels that get over 20% more than we do on a CPM basis. And I think over time, we'll have the opportunity to eliminate that gap or start to chip away at that gap.

We just finished the upfront and we made good progress toward eliminating that gap, both on the broadcast side and on the cable side. On the broadcast side, net of the Olympics, we sold about 13% more than we sold last year. Our ratings and CPM performance on the NBC side were the best we've had in about nine years, and we made up relative performance versus our other competitors.

On the cable side, we also had good results. Our cable CPMs were up in the 7% to 8% range. USA and Bravo did very well. And one of the ways that we accomplished this was we sold all of our properties together. Which for a company like ours, with so many different television properties, allowed us to go into the market with a one-stop shopping, sort of a full-integrated approach, and we think that works.

So we're chipping away at the entitlement gap. We think it's a big opportunity for the company. It's not something that we're going to get in a quarter or even a year, but I think over the next two, three, four years, you'll see real progress there.

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

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

Operator: Our next question comes from the line of Jason Armstrong with Goldman Sachs. Please go ahead.

<Q – Jason Armstrong – Goldman Sachs & Co.>: Great. Thanks. Good morning. A couple questions both on the Cable side. First, video and broadband metrics both better in the quarter and better year-over-year. Is there any promotional activity you'd call out that maybe contributed to an above trend quarter in Q2 or as we think forward about this, should we continue to expect year-over-year improvement in those metrics?

And then second, just on the content cost – 8.1% growth this quarter. I think you obviously talked about it accelerating in the back half of the year. Are we supposed to think of this as relative to the initial guidance we've pushed out a number of the resets by maybe six months or so some of this spills into 2014? Thanks.

<A – Neil Smit – Comcast Corp.>: Hi, Jason. It's Neil. On the video and broadband side, I'd say that there was no unique promotional activity this quarter that would have driven the performance and the sub numbers. I think on the video side, we're putting out great product in the X1 product. It's out to over half of our footprint right now. We've reduced losses by 17,000, so we're executing well. The channel performance has been strong in the online channel. So I think it's a combination of execution on the channel side as well as just getting better product out there that's helping on the video front.

With HSD, we've done speed upgrades in the first half of the year. We – about 14 million customers, 70% of our footprint we did speed upgrades, we're putting out the new fastest gateways that have the fastest Wi-Fi in the household. So I think our product is fundamentally a better product, and I think customers are recognizing that.

With regards to the programming side, yes, our costs were below what we expected. We had an NHL rebate and some delays in channel launches or network launches. However, we do expect double-digit increases in the out half of the year and we expect to come in on the year at about 10%. The costs are driven by sports programming, retrans and getting more rights across more platforms, which we're able to leverage into more value and a better value proposition for the customer.

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

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

Operator: Our next question comes from the line of Doug Mitchelson with Deutsche Bank. Please go ahead.

<A – Marlene Dooner – Comcast Corp.>: Doug?

<Q – Doug Mitchelson – Deutsche Bank Securities, Inc.>: Oh, sorry about that. Good morning. For Neil and Brian, with so many major tech companies working towards online video services, do you feel any building pressure to accelerate getting the X1 and X2 versions of your video service into customers' homes? And is there a way to accelerate the rollout of advanced user interfaces, whether it's X1, X2 or for a lack of a better phrase, a dumbed-down version of X2?

And if I could just throw in the question for Neil, which is the RBOCs posted strong net adds year-over-year, but I don't see the competitive impact in your numbers. Did you see a competitive impact from the RBOCs and made it up against satellite? Or was the market just better in the second quarter? Thanks.

<A – Neil Smit – Comcast Corp.>: I'll take the questions sort of in reverse order, Doug. We did see year-over-year about a 200 basis point increase in RBOC overbuild driven mostly by AT&T. That's about 1 million subs. So we think our performance, given that, is we're very pleased with our performance in reducing video losses, and I think it comes down to execution.

With regards to X1 and X2, we've got X1 out about, across about 53% of our market. We're launching in markets every day, this week seven new markets, and the customer response has been very favorable. VOD views are up about 20%. About 65% of the people react very favorably to this product over existing guides. Premiums are up. It's too early to tell on churn yet, but I think there might be some favorable trends there.

We'd like to accelerate – we're going to roll out X2, and it kind of shows the benefit of having everything up in the cloud. We're getting X1 out across the country through the course of this year and X2 will already be coming in before the end of the year. So I think that really demonstrates the flexibility and nimbleness of having the platform structured the way it is.

<A – Brian Roberts – Comcast Corp.>: Let me just add, I don't want to be redundant, but I think Neil's point on the million extra homes from RBOC competition does make the results even more impressive, in my opinion. And we've all seen an overbuild that, that first year is the hardest year and so anytime you have a lot of new homes, so be it, and you have to deal with that in certain markets. That's part of the motive for rolling out X1 faster, but the real part of the motive for rolling out X1 faster is it is so well received and the ability to be more flexible.

So your question is a great question that we don't have a perfect answer on right this minute, which is, is there a way to get a version of it to more customers faster? And we're looking at a whole lot of ideas around that question all the time, and we'll probably experiment with a few. And so stay tuned, but we're – all in all, it's a high-class opportunity that we are very pleased with the development. Right now, the plan is steady as she goes, but it's a good question.

<Q – Doug Mitchelson – Deutsche Bank Securities, Inc.>: Thank you very much.

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

Operator: Our next question is from Jason Bazinet with Citigroup. Please go ahead.

<Q – Jason Bazinet – Citigroup Global Markets Inc. (Broker)>: I just had a question for Mr. Burke. Given the capital investments that you're making in the theme park portion of NBCU, I was wondering if there's any sort of heuristic that you would be willing to share in terms of how much a specific amount of capital you expect to translate into incremental attendance growth? Thank you.

<A – Steve Burke – Comcast Corp.>: I'm not sure I even know what that word heuristic means, but let me try to answer your question.

<Q – Jason Bazinet – Citigroup Global Markets Inc. (Broker)>: Rule of thumb, rule of thumb.

<A – Steve Burke – Comcast Corp.>: Every single one of our projects has an IRR, and we have a hurdle, and we always look at that and analyze that before we spend the money. We do believe the Theme Park business is a great business, that we have a very talented team both on the operations and the creative side, and that investments there are going to pay off.

If you look at just Florida, when we opened Harry Potter – the first Harry Potter, our attendance went up over 40%, and we're opening a second Harry Potter, just by way of example, next year. Fantastic attraction, going to be connected to the first one in a very innovative way, very creative. And that project, like every other project, goes through a rigorous financial model. I happen to believe that on these projects for the foreseeable future we're going to beat our IRR substantially because we're starting to get some real critical path – critical mass and there's a little bit of an add on effect. But we look at it all and we wouldn't be making the investments if we didn't think they'd clear our hurdle rate.

<A – Mike Angelakis – Comcast Corp.>: Let me just pile on a little bit. Obviously these things go through pretty rigorous analysis but also the team has done a fabulous job when you look at Harry Potter, King Kong, Transformers, some of the more recent projects they've clearly exceeded our return thresholds both on attendance and on per capita spend. So the theme parks really have some momentum and we're going to continue to invest in those project areas where we think the IRRs are really attractive.

<Q – Jason Bazinet – Citigroup Global Markets Inc. (Broker)>: Thank you.

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

Operator: Our next question comes from the line of Ben Swinburne with Morgan Stanley. Please go ahead.

<Q – Ben Swinburne – Morgan Stanley & Co. LLC>: Thanks. Good morning. Michael, I want to come back to the AT&T build-out. I think a lot of their target seems to be around commercial. So I'm just curious if you guys are thinking about how you invest in that business or run that business differently, if you're seeing them more aggressive in the market. They certainly spent a lot of time on their call trying to defend the small business side of their business.

And then Steve, just on the NBC upfront which was clearly looked like a big success given the rating strength last year, how much of that 13% increase was you selling more inventory versus just stronger audience guarantees versus last year? So clearly you've got a lot of momentum with The Voice and some other shows heading into the fall. Thanks.

<A – Neil Smit – Comcast Corp.>: I'll take the Business Services question, Ben. The business had a great quarter growing at 26.5%. It's still about 85% small business and 15% mid-size but the mid-size is growing at a faster rate and we're really pleased with the growth there.

In terms of CapEx investment we continue to invest behind the business. It's a high growth business, our highest growth business. The absolute dollars are growing in a nice way. And primarily our CapEx is invested in extending the network and in CPE. Bill Stemper's done a great job organizing the team and so I think we'll continue with the investment behind it. Michael, anything you'd add?

<A – Mike Angelakis – Comcast Corp.>: I would just add also I think we made this point in the last quarter that last year and this year we reclassified about $160 million of revenue which was really hotels and bars and some commercial. That's not growing very fast so if you really look at the core business services, which is the ones Neil's talking about, you have to add about 200 basis points of growth, so really for the quarter grew about 28% plus, which listen the business is doing well competitively. They're executing and we're investing behind it. So on an apples-to-apples basis I would that say we're looking at high 20%s in terms of comparisons.

<A – Neil Smit – Comcast Corp.>: And on the competition front we are seeing AT&T and Verizon advertise more of their services. We feel we're only about 10% penetrated and we've got a lot of room for growth there.

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

<A – Steve Burke – Comcast Corp.>: So Back to NBC in terms of the up front. The CPM increases for prime time were in the 7% to 8% range and we sold a little bit more because we had more demand. I think overall we feel like we had, on a relative basis, a good year in terms of ratings and then we were able to get a little bit more of what we call the entitlement gap.

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

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

Operator: Our next question comes from the line of Phil Cusick with JPMorgan. Please go ahead.

<Q – Phil Cusick – JPMorgan Securities LLC>: Hey, guys, two on broadband. To follow-up a little bit from an earlier one, is there still a lot of penetration potential in broadband? Other people seem to be slowing down. It doesn't seem like that's happening for you and despite, again as you pointed out the telco competition, is there still potential to continue at this pace for another year or two?

And then second on the Wi-Fi side, how big, can you remind us, are you going to get here and how do you think of the business model? What's really the customer proposition? Thanks.

<A – Neil Smit – Comcast Corp.>: Well I think at 37% penetration in broadband we still see a lot of room for growth. There's still a significant DSL market out there and we feel we've got fundamentally a better product. We continue to invest behind the network in both capacity and speed as well as in the Wi-Fi gateways that we're putting out now that have a better throughput and better capacity.

On the Wi-Fi side, we look at it in two forms. One is the household Wi-Fi. I mean people are hanging more devices off their Wi-Fi routers every day and our new Wi-Fi gateways will put through 250 Mb versus the previous versions at 80. So there's a lot more capacity for more devices and we see that as a fundamental proposition to the customers. We're also building out Wi-Fi on the metro side and we have about 250,000 access points, both our own as well as with the Cable Alliance. And people are using it more and more, we see usage going up, unique usage going up and it's a real value proposition on the data side to the customer. So we'll continue investing behind Wi-Fi growth.

<A – Brian Roberts – Comcast Corp.>: I just want to add maybe a perspective to that question. I don't think any of us can perfectly see the future and therefore I don't know the answer of how far and how long it goes. But one of the things that I think the team here has done incredibly well is we re-defined the product from connecting a wire to a PC to bringing your home to be the most enabled way to get that which is important to you.

So for instance, the momentum in tablets, the momentum in content being distributed, the momentum in apps and the innovation around the entire sector and mobile devices, the best way to enjoy all of that is to start by getting our high-speed data product and that's because it connects to our home gateways and to Wi-Fi and all the things Neil just talked about. And that's why I think we want as we set our sights it is the best platform for a consumer and starts with getting one of our products or taking our bundle. And I think that's why we're seeing better growth each year and as you say, 37% in that regard doesn't sound like a number we can't continue to grow off of.

<Q – Phil Cusick – JPMorgan Securities LLC>: Thanks.

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

Operator: Our next question is from the line of Marci Ryvicker with Wells Fargo. Please go ahead.

<Q – Marci Ryvicker – Wells Fargo Securities LLC>: Thanks. I have two questions, one core Cable, one NBCU. So first for Michael or Neil in Cable is there anything that you can say about the long-term CapEx trends in Cable with the rollout of X1 and X2? I mean is there any reason to think that at some point CapEx would show a more significant year-over-year increase than the 10% you're guiding to for 2013?

And then on NBCU side, Steve, any thoughts on how the launch of Fox Sports 1 might impact NBCU and the desire for more sports programming down the line?

<A – Mike Angelakis – Comcast Corp.>: Hi. It's Michael, Marci. How are you? Why don't I take the long-term CapEx question? Really we don't, I think you know, provide any guidance beyond sort of the first year. I would say with regards to this year we increased capital a bit more than last year. The majority of that additional capital was for what I would think is really exciting projects whether it's the launch of X1 and sort of further deployment of that or XFINITY Home or Business Services or the wireless gateways we just talked about. All of those projects have really attractive returns for our company so we're delighted to invest in them. We think that they are sort of adding customer lifetime value to our customer base.

As we look at 2014 I think it's a bit too early but we still have some of the same opportunities ahead of us and one of the other folks asked earlier about X1 and X2 and we're going to continue to push broadband and continue to push wireless gateways. So I don't have a crystal ball of 2014 and future years but we have a number of organic opportunities ahead of us that we think are very attractive.

<A – Steve Burke – Comcast Corp.>: And regarding Fox Sports 1, I don't think it changes the playing field for NBC Sports too much one way or the other. We've always had a lot of competition for rights and between ESPN and Fox and Turner and others, a lot of people have been in the sports business competing with rights with us for a long time.

I do think things look very good for both NBC Sports on the network and the NBC Sports Network partly because we recently won the rights to NASCAR and we look at NASCAR as being a very, very important thing for the NBC Sports Network and the network itself because it basically gives us 20 weekends a year at a time when the NHL is not playing so now we have year round professional sports, very highly rated. And that was a big win for the NBC Sports Network. But I don't really think Fox Sports 1 plays into that too much. It's always been competitive, always will be and we think we have a unique way of looking at sports and a real place in the marketplace.

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

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

Operator: Our next question is from the line of Craig Moffett with Moffett Research. Please go ahead.

<Q – Craig Moffett – Moffett Research, LLC>: Hi. Good morning. Two quick questions if I might. One, with John Malone having spoken so much about the balance sheet capacity in the M&A story and willingness to take leverage levels up to four times or so, Michael, has any of that conversation led you to reevaluate your own comfort levels with different leverage and would you consider adding any more leverage to the balance sheet?

And then a question for Neil. As you rollout the Wi-Fi gateways that you're doing, have you changed your thinking at all on the prospect of offering a wireless service that is Wi-Fi-based using that as a platform?

<A – Mike Angelakis – Comcast Corp.>: Why don't I obviously take the balance sheet question. I think the answer, Craig, is no. I think we've obviously given substantial thought and consideration to our balance sheet. Given the total amount of debt that we have, which is approximately $48 billion, we feel that we're very comfortable in the range that we set which is 1.5 to 2 times. I think that we really prefer to have a bit of conservatism in our balance sheet that provides appropriate flexibility and obviously we've given this a tremendous amount of thought and are very pleased with where we're going right now.

<A – Neil Smit – Comcast Corp.>: And with regards to the Wi-Fi question as I mentioned we continue to build out the network. All these gateways we're putting in the households now are home hotspots as well. They do dual SSIDs and we're doing that with small business as well. So the network is getting denser as we continue to build out the gateway and the wireless gateways.

With regards to a wireless service, as you know we have an MVNO agreement with Verizon wireless but we have at this point no plans to build out a wireless network.

<Q – Craig Moffett – Moffett Research, LLC>: Okay. Thank you.

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

Operator: Our next question comes from the line of Mike McCormack with Nomura. Please go ahead.

<Q – Mike McCormack – Nomura Securities International, Inc.>: Hey, guys. Thanks. Just thinking about the increased usage in the home, obviously we're hearing a lot about – and you guys have people moving up into various tiers but is there at some point where you need to think more about the network infrastructure? I know you're investing there but do we hit a wall on capital at some point where we need to do something more dramatic? Maybe if you could just walk through some of the stuff you're doing there?

And then secondly, you mentioned medium-size business as being a decent driver in commercial services. How's the product set comparing against some of your competitors there? Is there something you need to add to that? Thanks.

<A – Neil Smit – Comcast Corp.>: With regards to usage and capacity, we feel the network is flexible and has plenty of opportunity to grow in capacity whether it's through extending fiber deeper into the network, which we do with our business services product, the Metro E product or whether it's splitting nodes or new technologies such as DOCSIS 3.1 which will be coming in over the next few years. So we feel very good about the future growth capacity of the network.

With regards to the mid-size business we have great products out there we have Metro E, we have a hosted voice solution, we have a video product. We just upped our speeds and it's been received very well by the customers. And so we feel like our product set is very strong and we keep innovating on that front and I think there's a lot of upside room for growth in the mid-size business.

<Q – Mike McCormack – Nomura Securities International, Inc.>: Neil, I'm sorry. Just on the pricing side and then -

<A – Brian Roberts – Comcast Corp.>: Let me add one more point, which is that the more the consumer desires speed, the better that is for our company in my opinion. And that we have myriad solutions, as Neil just outlined, we can take more of the video bandwidth and apply it to digital and apply it to broadband. There's a lot of ways to go. That's what makes DOCSIS 3.1 a promising technology. At the cable convention we demonstrated three gigabits of speed with – over an existing plant. There's a lot of good things. So really that innovation will power more applications which will power more demand and I think that, that will create more differentiation between us and any competitor. So it's where we'd like to see the world go.

<Q – Mike McCormack – Nomura Securities International, Inc.>: Great. Thanks, guys.

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

Operator: Our next question comes from the line of Bryan Kraft with Evercore. Please go ahead.

<Q – Bryan Kraft – Evercore Partners (Securities)>: Hi. Thanks. On NBC Universal how do you anticipate the Legendary Entertainment partnership impacting NBC's film division from a revenue and cost perspective?

And then also just on the affiliate and re-trans renewals, is your objective to secure really long-term deals, say 7 to 10 years in duration? Or are you trying to achieve more traditional 3 to 5 year contract periods? Thank you.

<A – Steve Burke – Comcast Corp.>: Well the way the Legendary deal will work and it'll take a while to get moving, is Legendary is going to make some of their own films. They love large films dedicated to what they call the Fanboy audience, but very large films. And they will contribute capital and production resources and creative expertise into making those films. We will co-finance some of those films and then in addition, Legendary will co-finance some of our films.

When we look at our overall film strategy we think it's a very important element of our strategy going forward. We have Illumination for animated films, couldn't be happier with that. Despicable Me 2 is going to end up being the single most profitable film in the 100-year history of Universal Studios. So we love the Illumination. And then on the big film side, the riskiest and in some ways the hardest part of the business right now, we'll have a partner in Legendary that has a real passion for that. And then Universal will concentrate on everything else.

So we think we now have a very coherent strategy. We're really excited. It was a competitive auction to see who would end up with the Legendary Film relationship and we won that auction and we're pleased to have that business on a going forward basis.

<A – Marlene Dooner – Comcast Corp.>: Thank you, Bryan. Operator, let's go to the last question now. Thanks.

Operator: Our final question comes from the line of Frank Louthan with Raymond James. Please go ahead, sir.

<Q – Frank Louthan – Raymond James & Associates, Inc.>: Great. Thank you. Within the SME business, are you seeing any change in your rate of growth coming from increasing revenue from existing customers? Or I guess in other words what percentage of your growth is coming from existing customers versus getting traction with the new logos?

<A – Neil Smit – Comcast Corp.>: Most of the growth is coming from new customer acquisitions. However we are introducing products to the up-sell products to existing customers. For example we go out and buy, re-sell arrangements with software providers for services like financial management or payroll and what not and these small businesses who aren't accustomed to going out and finding those solutions can get an entire package from us and we can offer them those at a discounted rate. So we are now beginning to focus on up-selling existing customers but the growth to date had been from new customers.

<Q – Frank Louthan – Raymond James & Associates, Inc.>: Okay, great. Thank you.

Marlene S. Dooner, Senior Vice President-Investor Relations

Thank you, Frank, and thank you all for joining us this morning.

Operator: Thank you. There will be a replay available of today's call starting at 12:30 p.m. Eastern Time that will run through Wednesday, August 7 at midnight Eastern Time. The dial-in number is 855-859-2056 and the conference ID number is 97883674. 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.