

**Comcast Corp.***Company▲*CMCSA  
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*Event Type▲*Mar. 4, 2013  
*Date▲***— PARTICIPANTS****Corporate Participants****Neil Smit** – Executive Vice President; President & CEO, Comcast Cable Communications**Other Participants****Douglas Mitchelson** – Analyst, Deutsche Bank Securities, Inc.**— MANAGEMENT DISCUSSION SECTION****Douglas Mitchelson, Analyst, Deutsche Bank Securities, Inc.**

...started with the next presentation. Welcome everybody to freezing Florida. Thanks very much for coming down, sorry about the weather, hopefully it will improve throughout the day and throughout week.

So, very pleased to have with us Neil Smith, President and Chief Executive Officer of Comcast cable, also Executive Vice President, for a fireside chat Q&A. The – we might run out the clock on Q&A, but we will take questions from the audience if we have time. Neil, thanks very much for coming.

**Neil Smit, Executive Vice President; President & CEO, Comcast Cable Communications**

Thanks for having me Doug.

**Douglas Mitchelson, Analyst, Deutsche Bank Securities, Inc.**

I would really enjoy having you here each year because I think it's a lot of fun to get sort of the story behind the numbers. So, we've had the quarterly report, we've had the 2013 sort of outlook, but we haven't had yet the story behind how you achieve it. So, I thought it would be fun to start with outlining 2013 execution priorities and then go from there.

**Neil Smit, Executive Vice President; President & CEO, Comcast Cable Communications**

Well, I think our 2013 priorities fall into three categories: one is to drive the growth businesses, HSD business services and new initiatives, two is to continue improvement in video, and three is to continue driving efficiencies in the business. So, let's start with the growth initiatives.

On the growth side, HSD has been a \$9.5 billion business growing at 9%, it's a – we've seen a lot of new growth in the business. The – we're driving this year wireless gateways. We're investing in wireless gateways because we are seeing about 60% of Wi-Fi usage is in the home and right now Wi-Fi can deliver about 85 megabits per second. We are putting in these wireless gateways that are a combined router and modem that can deliver up to 250 megabits per second. So, it's with more people hanging more devices off the network, that should be a great initiative and investment.

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On the business services side, it's a \$2.6 billion business growing at 34%. It has both the SMB or small and medium business component, which is about 85% of the business as well as the midmarket, which is about 15% of the business. We're going to be investing in the midmarket side more heavily where we're going to extend our network to drive Metro E. It's going to be a fiber network and we see great investment opportunity there.

On the new initiatives, XFINITY Home is a – both a home security and smart home and energy management service. It's a new service we deployed in 2012 across the country. We see great growth potential there. About two-thirds of the customers who are taking it have never had a home security product. So, we think there's an opportunity to expand the market there and we see great potential there. Those are the growth initiatives.

On the video side, video is about 50% of our revenue. We are in the video business in a big way. We've recently launched the X1 platform, which is a cloud-based user-interface platform enabled us to innovate at a much faster rate and launch new apps and services more easily. The video side we've had about nine straight quarters of reduced video losses.

In 2012, we reduced our losses by about 27%, in the fourth quarter by about 60%. We lost 7,000 customers, and we believe that without Hurricane Sandy, we would have been positive in the fourth quarter. So, video, it's a great business, we're investing behind it and I think there's a lot more to come in video.

Finally on the efficiency side of the business, we're investing behind two initiatives. One is get it right the first time for the customers. So, first time fix. We put on \$1.5 million new RGUs in the 2012 and in so doing, we took out 16 million customer handled – or agent handled calls from customers. So, we've reduced the noise in the business and we took out \$4.5 million truck rolls. So, we're taking – making it better for the customer and more efficient for the business.

The other part is self-service. So, about 27% of our customers are managing their accounts online now and while that may not seem like a big number, it's up from virtually nothing three or four years ago. So, that's a great story and about 36% of our customers are doing self-installs, that's up from about 21% in 2011. So, we've gotten more effective in that way.

So, overall – those are our big drivers. We're pleased with the progress in the business. We're focused on execution and it's – we're pleased with 2012. We've got our heads down in 2013.

**Douglas Mitchelson, Analyst, Deutsche Bank Securities, Inc.**

So, it sounds like you have a lot to do. The – we'll talk I think a little more about each of those, why don't we first dive into – usually we end it with CapEx, I'm going to start with CapEx because I think it touches on a lot of the innovation projects that you talk about, so it really will walk us through just sort of coincides with the bunch of that innovation, but as we sort of introduce the topic and you said in the fourth quarter call that CapEx would be higher in 2013, has the company shifted at all its rate of return hurdle for capital projects?

**Neil Smit, Executive Vice President; President & CEO, Comcast Cable Communications**

No, I don't think it's shifted its rate of return. We're excited about the investments we're making in 2013. We were running in 2012 about 12.4% of revenue in CapEx. We're going up about 10% to 12.9%, which is about where we were in 2011. We're investing in four big areas, one is HSI, as I said, the wireless gateways are we believe a great investment and it gives us the fastest in-home

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Wi-Fi network and as people hang more off the Wi-Fi network, we think that's strategically important and we will continue to invest behind Wi-Fi and home HSD.

The second area is business services, a 34% growth business. Metro-E is growing at about a 55% rate, the midsize market is, so we see more investment opportunity there, and that investment in the network can be leveraged on the residential side and for other business services. So if we're pulling fiber to backhaul tower, we can string more businesses off of it, and we are going into business rich areas.

So, the third areas is X1 we've seen some good results behind X1, it's going to be our new video platform.

And the fourth areas is XFINITY Home. So, I wouldn't say our metrics have changed, we are very disciplined about our CapEx and we're investing behind growth. Our growth capital, as a percentage of total CapEx, is about 70% and has been for a number of years.

**Douglas Mitchelson, Analyst, Deutsche Bank Securities, Inc.**

So, when you look sort of out in the future, does a dollar of revenue require more CapEx to sustain it than you might have thought two or three years ago, or as you said, all the growth investments have good returns and essentially the capital intensity of the business looks similar?

**Neil Smit, Executive Vice President; President & CEO, Comcast Cable Communications**

You know, I think we're at a point in the 12% to 13% range where we feel comfortable with the CapEx investment and the way we do our capital planning is we start with a network investment and network capacity that's our most – that our core asset, and once we've figured out what we need for network capacity, then we add on the other initiatives. But, we are investing behind growth.

**Douglas Mitchelson, Analyst, Deutsche Bank Securities, Inc.**

So, why don't we talk about each of those four. High-speed data, so you mentioned some stats, but can you sort of walk through the overall rationale, why the spending increase is taking place now?

**Neil Smit, Executive Vice President; President & CEO, Comcast Cable Communications**

Well, high-speed data we added about 1.2 million customers in 2012, with businesses, I mentioned, grew 9%. Over the last four years we've put on 4.4 million customers and grown ARPU 11%, so it's a very healthy business. We have increased speeds. We've doubled speed last year from 25 meg to 50 meg, and from 50 meg to 100 meg. We launched a 305 meg service, so we're keeping the speed advantage, which – which – and we're capturing share in the business.

The Wi-Fi component is – there's lot of growth in in-home Wi-Fi and we want to take the speed advantage there. So, I think that HSD it's our – it's our core product. It's our biggest growth driver in the business and we're going to continue to invest behind the growth.

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It's interesting because – without question broadband has been a huge success story for cable and it's been out there decade. Penetrations are – on the cable side reaching sort of a third of the footprint, over all markets two-thirds of homes, and yet, in the last couple of years, growth actually accelerated and that despite price increases really growing through the industry for the first time. So, how much growth is left in high-speed data from where we sit today?

**Neil Smit, Executive Vice President; President & CEO, Comcast Cable Communications**

We're penetrated about 36%, but we've got market penetrated at over 50%. I don't see any reason why high-speed data can't reach the penetration levels of video at 85% to 90%. The Internet has become more core to people's lives. There are more devices that are driving the growth, and so I – I would expect to be seeing more growth there.

**Douglas Mitchelson, Analyst, Deutsche Bank Securities, Inc.**

So, why don't we shift to small and medium sized business? Sort of the same question, I mean it's sort of an obvious investment area, but can you remind us the size of – sort of each of the footprints within small and medium size business and where you are at in terms of your penetration levels, where you think the growth opportunity is?

**Neil Smit, Executive Vice President; President & CEO, Comcast Cable Communications**

So, SMB within our footprint is about \$10 billion to \$15 billion opportunity. We're currently penetrated at about 10%. We have a great range of services from data to voice to video. We have a dedicated sales force, dedicated customer service centers and with tiers of service within those. So I think that with those – that wide array of products, we see room for increased growth. There's been one supplier calling on those customers for a lot of years, so we are the new entrant with better product, better pricing, better service, and I think there is more opportunity there.

**Douglas Mitchelson, Analyst, Deutsche Bank Securities, Inc.**

And when you say \$10 billion to \$15 billion, that's the Comcast revenue portion of the marketplace not the total market, correct?

**Neil Smit, Executive Vice President; President & CEO, Comcast Cable Communications**

That's correct.

**Douglas Mitchelson, Analyst, Deutsche Bank Securities, Inc.**

So, is there a sense you can give us how long does it take to get to that level of market penetration?

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I wish I could. Sooner would be better. The midsize – I can say that the midsize is about the same size opportunity, it's a \$10 billion to \$15 billion opportunity and we've just started that part of the business and our services there are Metro E, Ethernet service which is basically going up against the existing T-1 service. So T-1s offer about 1.5 megabit per second service and ours go from anywhere from 1 meg up to 10 gig. So, it's a far superior product. You've got a voice product, which is both a hosted voice which requires no equipment. It's up in the cloud. It makes all your locations look like one location. So, it's a unified voice product as well as a PBX which replaces the existing PBX systems, and finally the video service.

So the ability to bundle all those services is really convenient to the customer. As I said, we're seeing about 30% growth in the SMB side and about 55% growth in the midsize market. But by the way, small and medium we refer to 20 customers or employees or less and midmarket is about 500 employees or less.

**Douglas Mitchelson, Analyst, Deutsche Bank Securities, Inc.**

The – it's been encouraging, it seems like especially with Metro-E you have actually continued to have acceleration and sort of the pace of growth in that business. It's one where I would think investors would want you to spend more capital but still curious what the spending curve looks like for SMB.

**Neil Smit, Executive Vice President; President & CEO, Comcast Cable Communications**

Our spending, our CapEx spending has grown at about 15% to 20% over the last three years and which equates to about \$100 million a year and it'll be that, about that same amount in 2013.

**Douglas Mitchelson, Analyst, Deutsche Bank Securities, Inc.**

Are customers asking you for any services that you don't provide yet? I know the example, I've thrown to you earlier, Bright House acquiring a cloud, communications and service provider that offers pay as you go basis type services. Is there anything that you don't have yet that you look at and wish you have?

**Neil Smit, Executive Vice President; President & CEO, Comcast Cable Communications**

Well, I think there's always something that the customers will be looking for. But we offer a very wide array of services. We just launched and announced a service last week called Upware, and it's a portal that sits on top of the small business customers. And what we're finding is these customers want to buy data security and cloud storage and collaboration services and don't know where to turn, so we went out and did deals with the best of the breed and we offer about nine services that they can buy through us, one-stop shopping. They can add or provide rights to different employees across our portal. So, if you want someone to have cloud storage access, but not have data security access, you can do it in one simple place. It's a great product and we see great opportunity there as well.

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So, last question on SMB, but obviously you've clear area of growth in a core sort of topic for investors. Are you willing to make any comments on sort of margins or returns you're seeing from SMB?

**Neil Smit, Executive Vice President; President & CEO, Comcast Cable Communications**

Well, it's clearly an accretive business and becomes more accretive as we scale it. The margins – let's just say the margins are in the 50s.

**Douglas Mitchelson, Analyst, Deutsche Bank Securities, Inc.**

That's a pretty good margin.

**Neil Smit, Executive Vice President; President & CEO, Comcast Cable Communications**

Yeah, it's a pretty good margin. Bill Stemper and his team have done a terrific job scaling that business and we think there's a lot more room and opportunity for growth and as I said, that's what we're investing behind, growth of the business.

**Douglas Mitchelson, Analyst, Deutsche Bank Securities, Inc.**

So, I think we've gotten through SMB pretty thoroughly, can you bring everyone up to speed on X1?

**Neil Smit, Executive Vice President; President & CEO, Comcast Cable Communications**

Sure. X1, for those who don't know, is a cloud-based user interface and platform. We took all the services that were at the local level and moved them up into the cloud. So, digital rights management, billing, all the services that the customers are offered, all that goes up into the cloud and it enables us to innovate at a much faster rate. The user interface integrates Facebook and Pandora and weather and traffic. So, we can integrate new applications and within a matter of a week or two versus years on the old set-top box.

It's – we're rolling it out. We got it in eight cities now including Boston, Atlanta, Philly, San Francisco and we're going to roll it out nationally this year. It's the initial – it's early still, but the indicative results are that it brings churn down, user satisfaction is up, BOD transactions are up, HD usage is up. So, we've seen very positive initial results and we believe that over time we can get the household CapEx down as we develop that architecture and we go to an IP multicast. So, it's an exciting product, took a while to develop and some investment behind it but we think it's the best guide out there and we've got a lot more to do with it.

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The – it was obviously very important initiative, as you said, to be out there with a product where you can say, “Okay, any home, high-end, low-end, midmarket should take this product from us”. How do you spend against that, what’s the spending curve since we’re still on sort of the overarching CapEx topic, look like for the X1 initiative?

**Neil Smit, Executive Vice President; President & CEO, Comcast Cable Communications**

Well it’s all growth CapEx, so it’s CPE based on demand and the spending on CPE will remain at about the same percentage. Right now we’re marketing it to new customers within the triple play and existing customers who call for it. As you scale any type of CPE, the costs come down and we expect the same here with the X1 box. We’ve got different suppliers we’re bringing in now, and as I said, with the architecture that we’re developing, which will be a gateway and then smaller slave devices, it will give – provide the same experience, the overall CPE per household we expect will – costs will come down.

**Douglas Mitchelson, Analyst, Deutsche Bank Securities, Inc.**

So the box costs a little bit more now.

**Neil Smit, Executive Vice President; President & CEO, Comcast Cable Communications**

Right.

**Douglas Mitchelson, Analyst, Deutsche Bank Securities, Inc.**

Because of particular components, more memory, more processing power?

**Neil Smit, Executive Vice President; President & CEO, Comcast Cable Communications**

It’s all of the above, but primarily because of volume. Once the manufacturers get more volume they can bring costs down and we’re committing volume for this year and next too because the platform has been performing so well.

**Douglas Mitchelson, Analyst, Deutsche Bank Securities, Inc.**

So, I imagine at some point, you’re going to shift to marketing more broadly trying to actually pull in demand. So was it sort of box manufacturing volume, why you sort stick with triple plays? I mean it’s obviously early in the roll out. So is it sort of testing the product and getting used to it, is it box volume, when should we expected a more aggressive marketing posture on X1?

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I think most of it is getting the box in the market, getting the inventories settled, getting the technicians trained, getting the marketing pitches down, getting the reps understanding how to pitch it, the benefits of it, ensuring stability within the plant, so once we do that in a city, then we begin marketing more aggressively.

**Douglas Mitchelson, Analyst, Deutsche Bank Securities, Inc.**

So, now since you've just rolled it out, I get to ask you when does penetration – how do we measure success against this product? Is there a three year plan, a five year plan, what percentage of homes you know should it get to, what would be success from your perspective?

**Neil Smit, Executive Vice President; President & CEO, Comcast Cable Communications**

Success is more video subs. The – I think it's lower churn, it's higher satisfaction, it's higher ARPU, it's you know all the metrics we look at every day. But I think the real benefit of X1 is in the fact that it's a platform and we're working with different apps right now. And for example, I mentioned Facebook, and where they can integrate into the video experience, you can get a more social experience on your video guide. And so we want to talk to, not just our existing customers, but you know the young and up and coming users of video and get them to have a wider, broader experience and I think it's very exciting and we're working on X2 already, the new guide and it gets more personalization. So, people can view their experience, it builds in recommendations in a much more intuitive way. It's a much cleaner, slicker UI, so – and the nice thing about it is you're working in software time. You're not working in – you're not trapped in the set top box anymore.

**Douglas Mitchelson, Analyst, Deutsche Bank Securities, Inc.**

Yeah, the one thing I was surprised by when I ran through the demo was just how quickly the guide works and how quickly it sort of paints the update when you click the button, it was instantaneous, it was pretty neat.

**Neil Smit, Executive Vice President; President & CEO, Comcast Cable Communications**

Yeah. And it's going from your remote up to the cloud, back down and rendering it on your screen. So, it's fantastic and the technician team deserves a lot of the credit.

**Douglas Mitchelson, Analyst, Deutsche Bank Securities, Inc.**

What's the future of XFINITY Home look like. You're on the Xbox where they're controlling the interface a little bit more. You've got what you think is sort of the platform of the future in X1, where is the future of XFINITY Home headed?

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Well, in my mind we want to give the customers all the content we have the way – where they want to view it, when they want to view it, and what devices they want to view it on. And we'll go to where the customer is and give it to them the way they want to have it. We have all this great content. We've got more than twice the VOD that anyone else has. We've got 263,000 online choices. We've got 14,000 choices on the XFINITY TV remote app. It's been downloaded 8.5 million times. So, we've got all this great content and we want to be able to deliver it to people the way they want to view it. And – so, whether it's via a partner or not, as long as it's a win for the customer and a win-win for the partners, we're open.

**Douglas Mitchelson, Analyst, Deutsche Bank Securities, Inc.**

So, last standout, sort of investment area in 2013, XFINITY Home. So, it's interesting the feedback we originally had from other cable operators was home monitoring was pretty far down the list of things that customers wanted from a cable company. The target market was relatively restrained, 20% or so of homes take a home security product and I know you're going to tell us that home monitoring is different, but can you give us an update on what you're seeing with XFINITY Home and then we'll tie it back with capital spending.

**Neil Smit, Executive Vice President; President & CEO, Comcast Cable Communications**

So, I think the best metric I've seen with XFINITY Home is that 20% of the customers who are taking it are new to Comcast and about three quarters of those are quad play customers. So, we're attracting new customers to the business and that's great news. And, with the quad play, they're going to be lower churn. The other great stat is that two-thirds of the customers have never had a home security service before. So, we think there is an opportunity to expand this market.

It's about a \$9 billion market and we started out with about eight different services. There are window sensors and door sensors and now we had expanded it to things like infrared cameras and water monitoring services for your basement. It's a great service. I use it. I have it at home and now I can turn the lights on-and-off and get a text when the door opens and get it on my smartphone and it's a terrific service. Churn is very low on it and we think it's a wonderful opportunity. We're going to be marketing it pretty aggressively this year.

**Douglas Mitchelson, Analyst, Deutsche Bank Securities, Inc.**

I'm not in the Comcast footprint, so I have to rely on the clapper still.

**Neil Smit, Executive Vice President; President & CEO, Comcast Cable Communications**

I'm afraid so, Doug.

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It's interesting that we've talked this before and not to get off track, but you've got the opportunity to also take the home security piece out and have sort of a different tier of service I imagine at some point once you're a little bit more further along the market you have some different options?

**Neil Smit, Executive Vice President; President & CEO, Comcast Cable Communications**

Yeah, we are looking at different tiers of services whether they're monitored or unmonitored, and so we'll be exploring with other things. At the end of the day it's a – we are riding a – yet another service across our very robust network and we know how to – we have technicians in the homes, We know how to install services, we know how to run them across our network and so that's the idea here.

**Douglas Mitchelson, Analyst, Deutsche Bank Securities, Inc.**

I think we've covered CapEx pretty thoroughly, but I still want to ask around network capacity because I get that question a lot. Any concerns around network capacity, not just for the short term, but longer term? Can the hybrid fiber, coax plant handle what you see coming?

**Neil Smit, Executive Vice President; President & CEO, Comcast Cable Communications**

We've proven it to be a very robust plant, and we – as I said previously, the first thing we do is make sure we have capacity in our plant to service the customer needs, and we're always going to do that. If the customer needs more bandwidth, we're going to find a way to get them more bandwidth. We've got a lot of ways of doing that. Whether it's node splits or compression or bringing fiber deeper into the network, as I said, business services helps us do that. So, we are going to service the customer needs.

**Douglas Mitchelson, Analyst, Deutsche Bank Securities, Inc.**

So, why don't we shift over to video. We covered a lot of ground with CapEx. Your favorite topic, programming costs, we will start with that, because that's always fun. So, it's pretty hot topic this year because almost every pay TV company has seen accelerating programming cost growth in 2013 and I think to me that seems in good part due to things like time under contract renewals, Disney, in particular, flowing through a lot of the cable guys. For Comcast, Neil, what's the outlook for programming cost growth and has cost inflation become more [indiscernible] (25:24) for you?

**Neil Smit, Executive Vice President; President & CEO, Comcast Cable Communications**

Programming cost is always something we're concerned about. It's our biggest cost area. Our programming costs went up from about 7% growth in 2012 to low double-digits, it'll be going to in 2013, that's for a few reasons, one of which you referred to. We had step ups of some Disney content, ESPN specifically, in 2013. We've just renewed a FOX deal, announced it a couple weeks ago. So, those are – we see step ups with both of those.

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Secondly, retrans costs continue to increase and finally, we're going out and getting more content. We believe that if we have the most comprehensive offering, we currently believe we do of anyone in the market, and that with the X1 platform, we can now help people discover and access it in a more enjoyable way. So, the combination of two, we think is helping our video numbers. Our video numbers in the fourth quarter, our revenue was up 2.9%. We haven't done that for four years. So, we're balancing both rate and volume and the business, I think, is healthy.

The other thing is, we believe we can hold margins steady and we plan for these increases, these programming increases and we're offsetting them, the margin compression there, with the product mix. The high margin products like business services that you mentioned, Doug, and also efficiencies we're getting in the business. So, we've been able to keep revenue at a relatively flat rate and we think we can do that for the foreseeable future.

**Douglas Mitchelson, Analyst, Deutsche Bank Securities, Inc.**

It's interesting, the video side of your business is something that really stands out relative to peers both subscriber, ARPU, probably margins even though we don't see those as clearly. You talked a lot about improving video subs, it's improved by almost more than half since 2010, 757,000 losses in 2010, more than cut in in half. So, you've been talking about improving video performance. Is there any way you could sort of roll that up for us, you think? What is it that you're doing that most will impact video performance going forward?

**Neil Smit, Executive Vice President; President & CEO, Comcast Cable Communications**

I think it's a mixture of things. I think one is better products. We have very comprehensive content and we're coupling it with better ways of discovering the content across the different platforms, whether it's online, VOD, or linear. I think second is that we're marketing more effectively. We're targeting the customers with better offers. We've set up Centers of Excellence for sales and retention. So, we're more focused on retention. We're very disciplined about promo roll off. We route those calls of specific agents. They have specific destination offers. So, I think we're marketing in a more effective way. I think our customer service is getting better. We have over 90% of our service calls are within two hours now, so we're not keeping the customer waiting all day long, And I think finally, it's just at the end of the day it's just focused execution. We have calls with the regions and divisions on a daily and weekly basis, and we track their metrics and I think it comes down to this real focus on the basics of the business, block and tackle.

**Douglas Mitchelson, Analyst, Deutsche Bank Securities, Inc.**

I think of those you've listed, marketing I'm just interested in, in terms of following up, is there more in terms of distribution channels that you use and that you've been building that you see or have you sort of established the new marketing level that you'd like to achieve.

**Neil Smit, Executive Vice President; President & CEO, Comcast Cable Communications**

We spend a lot of time fortifying the marketing channel, so we've beefed up retention, we've beefed up MDUs. We've beefed up online sales. Online sales has gone up 4% to 11% of sales. We've beefed up direct mail. We are much more scientific on things there. We've beefed up front counter sales when people come in to pay their bills. We're selling better there and retaining better there. So, we spend a lot of time focusing on the sales channels and the idea being I think we're – we've

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become a better products company and develop products at a better rate. Now, we have to put them through – more effectively through these channels and I think getting that architecture right has been important to our success.

**Douglas Mitchelson, Analyst, Deutsche Bank Securities, Inc.**

And then following up on the customer service as well, it's hard to have this many subs and not get occasional customer service horror stories coming back from investors and from your customers. Is that at a level that you're happy? Is there more to go?

**Neil Smit, Executive Vice President; President & CEO, Comcast Cable Communications**

I'm never happy with customer service and I think there is always room to go. I will say we've made a lot of progress over the last few years and have invested a lot in it. We focus primarily, as I mentioned, on first contact resolution and self-service. And we're incentivizing people, everyone in the organization and we're paying them on a quarterly basis. So, they don't wait till the end of the year to get their payment and it's way out of reach, so they give up on it. So every quarter they are measured, they have very specific targets and I think we've seen good steady progress, but there's a ways to go.

**Douglas Mitchelson, Analyst, Deutsche Bank Securities, Inc.**

So, I think you've implied this there throughout your commentary, but is returning to subscriber growth a fair near-term or mid-term goal for Comcast? Apparently you would have grown in the fourth quarter, so that's certainly a good sign.

**Neil Smit, Executive Vice President; President & CEO, Comcast Cable Communications**

It's a good sign. It's a goal. At the end of the day, I'd much rather grow customers than lose fewer, and Brian pays me for growth, the shareholders pay me for growth. So, I'm out to grow the business.

**Douglas Mitchelson, Analyst, Deutsche Bank Securities, Inc.**

The – I had a question here which is sort of a little bit awkward, but I'm still interested in your answer, how would you grade Comcast on TV Everywhere?

**Neil Smit, Executive Vice President; President & CEO, Comcast Cable Communications**

I think we're doing better than anyone else, but I would probably give us a B. I think we've got a lot of great content now and I think now it's our job to leverage it.

The Olympics was a great example. We had 50 million cross-platform views during that 17 day period. We had 800 assets on demand. Bob Costas would come up every day and say here's the day-in review and so people, if they'd missed something, would go back and watch it on VoD. We found out that streaming viewers weren't watching any less live linear. So, we learned a lot in the

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Olympics. We've got an event coming up at the end of March called Watchathon, where our premium providers, content providers, as well as many of our other networks are going to give their assets to us for free for a week and we're going to provide it across all the platforms.

I think what we need to do with TV Everywhere is show people what it is. Show folks that you can get this content across all these different platforms. You can move things. You can program your DVR remotely, you can tune into VoD and I think we have all five networks on VoD, no one else has that. So, I think we need to show people the power of TV Everywhere, and that's what we're out to do.

**Douglas Mitchelson, Analyst, Deutsche Bank Securities, Inc.**

Well – given your scale, you can afford to spend, might not be the right way to say it, but you're in a position where you can actually lead the industry down this path.

**Neil Smit, Executive Vice President; President & CEO, Comcast Cable Communications**

Well, I think whether it's lead the industry or just give the customers a great experience is what I'm really focused on, and I think that's we're set out to do.

**Douglas Mitchelson, Analyst, Deutsche Bank Securities, Inc.**

So, video profitability, long-term, three to five years, does profitability for video shrink, grow, stay stable?

**Neil Smit, Executive Vice President; President & CEO, Comcast Cable Communications**

I'm more focused on the portfolio, and overall profitability and overall margins. Video, I would say that there is compression obviously from the programming costs, but I think with better product and better marketing and better service, we can grow share and the overall profit of the business, but I'm really focused on the portfolio and HSD and phone and home and business services and any new services we launch and I think it's balancing the portfolio that that's a more significant way to look at the business than just the video profitability.

**Douglas Mitchelson, Analyst, Deutsche Bank Securities, Inc.**

Fair enough. So, we've covered video, high-speed data, small and medium size business, that leaves consumer voice. 10 million voice customers, you're approaching 20 million high-speed data customers, 22 million video customers. So, is voice at the right penetration level when you sort of look at those 10, 20, 20, what's like long-term sensible penetration level for wired voice product?

**Neil Smit, Executive Vice President; President & CEO, Comcast Cable Communications**

Voice had a great fourth quarter and it performed better every quarter last year. We indexed at 115% in the fourth quarter, which we haven't done since 2007. So, we're selling better triple play and that's what's driving the voice growth. Our penetration is currently at 19%, but we've got

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markets at 30%. And you figure if there is, call it 30% wireless only part of the market for voice that leaves 70% and we're 20% of it. So, the other 50 is fair game. And I think we've got a great product. We've added readable voicemail and text messaging and a new functionality to it. So it's not your same old landline phone. And so I think we've got room for growth and we grew about 100 bps and have been growing about 100 bps of penetration a year. And I think there is plenty of room for growth in voice.

**Douglas Mitchelson, Analyst, Deutsche Bank Securities, Inc.**

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So I've got a few more questions, but I'll give the audience a chance with eight minutes left to go. If anyone has a question, raise your hand, we'll get a mike over to you or you're going to hear questions about cost efficiencies, which I know you're all dying to hear. We have one – we have one right here, just one second for a microphone since we are on the webcast.

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**QUESTION AND ANSWER SECTION**

**<Q>**: Thank you very much. Just in terms of business services, I'm just wondering competitively how are you pricing against the incumbents? As you mentioned it's been previously a monopoly sale. So, what kind of discounts, you had cited T1 lines, but just in terms of the package.

And then in terms – I've heard many other operators talk about there is still a little bit of a product gap that the traditional ILECs offer to business customers, but clearly it sounds like you're bridging these services with some cloud-based offerings. Is there any still deficiencies that you think exist in your business portfolio that are preventing conversion of customers? Thanks.

**<A – Neil Smit – Comcast Corp.>**: Our pricing really varies based on the product and the customer, but I'd say it's in the 10% to 15% pricing advantage, but it really depends on the customer needs and the product they're buying. I think the real advantage is in the fact that we call on the customer directly versus an 800 number. We have dedicated call centers and tiers of service there and we just feel we have a better product.

And on the product side, I think we've got a full suite. I don't think there's anything holding us back from the product side and if there is, we'll go out and invest in the product and develop it.

**<Q – Doug Mitchelson – Deutsche Bank Securities, Inc.>**: So, no more questions, we have one. John [ph], wait for the mike, please. Right behind you.

**<Q>**: Neil, you talked about offering more and more content whether it's linear or on-demand to raise customer satisfaction, but don't we have to start paring back somewhere in order to control programming costs? Some nets have to come off altogether or at least be threatened to come off. Ovation, is the big example in the industry now, but that's tiny and most customers didn't even know they had Ovation in the first place. So, I guess it goes to, do you have to be selective in what you offer within the umbrella of offering more and more.

**<A – Neil Smit – Comcast Corp.>**: We're focused on providing value to the customer and driving. We believe that if we can provide great content in a great means of discovery, that will drive more customer growth and I think our video results and taking down the losses and driving healthy revenue growth have demonstrated that.

With regard to the content, we have very good relationships with the programmers. We're always looking at what content we're buying. And I think generally speaking, I'm more focused on value than cutting costs on the programming side. That being said, programming costs are going up and we're very conscientious of that.

**<Q – Doug Mitchelson – Deutsche Bank Securities, Inc.>**: So, I'm going to jump out – well one more.

**<Q>**: Hi, thanks. Just a quick question on home security. You were talking about the SMB, in that you've got a large incumbent there. There is also newly independent large incumbent in home security as well with over a quarter of the market. I was just curious in terms of how you all thought about the go-to-market branding for the home security business given that branding marketing is such a huge piece of that. Any thought to rebranding that something other than XFINITY as you go to market, to create that trust with the consumer.

**<A – Neil Smit – Comcast Corp.>**: You know, XFINITY, the brand in the last three years since we launched it, the consideration amongst non-subs has gone up 40%. So, we've seen great consideration amongst non-subs and among subs the consideration has gone up 20%. So, we're

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actually seeing great growth in the brand value and the brand image of XFINITY, which is why we decided to go with the XFINITY Home. And – so, I think we're going to stick with the XFINITY branding on the Home product, and since it is working well.

**<Q – Doug Mitchelson – Deutsche Bank Securities, Inc.>**: On the wireless side, any sort of new thoughts, is it still too early to have anything definitive in terms of your joint venture with Verizon or is there any experience that you can share with us?

**<A – Neil Smit – Comcast Corp.>**: We've spent most of last year getting the infrastructure in place, so we got in store product in about 550 Verizon stores and 1,100 agent stores. We've got a common POS systems, so we can log sales between either company. We launched Download To Go a product that enables you want – people to download and take it with them either at home downloading or on the go. So, that was our first product we launched in November. It's been a great partnership. We will have more products coming out this year, and so I think more to come there. But we had to get the infrastructure in place first.

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**Douglas Mitchelson, Analyst, Deutsche Bank Securities, Inc.**


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Any closing comments for the audience?

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**Neil Smit, Executive Vice President; President & CEO, Comcast Cable Communications**


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No. I think generally speaking, we've – we feel good with our momentum right now. We're very focused on growth and execution and we're pleased with the results in 2012 and looking forward to 2013.

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**Douglas Mitchelson, Analyst, Deutsche Bank Securities, Inc.**


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So, we've got American Tower, Publicis, AOL in the regular tracks, so see you back here for Time Warner for lunch. Neil, thank you very much.

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**Neil Smit, Executive Vice President; President & CEO, Comcast Cable Communications**


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Pleasure Doug.

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