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PRESENTATION

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

So Matt, congratulations on your new role. You now -- which now encompasses responsibility over all of -- for consumer XFINITY services. I can't even speak, sorry. Your new role encompasses all of the XFINITY consumer services, right, so all the residential services.

QUESTIONS AND ANSWERS

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

In recent years, Comcast has made significant investments to improve the consumer experience, beginning with the X1 platform to better customer service, significantly better customer service, to innovative products offerings. So with that, can you talk about what your current priorities are to help enhance and maintain the momentum Comcast has in improving the residential customer experience?

Matthew Strauss - *Comcast Corporation - Executive Vice President of XFINITY Services for Comcast Cable*

Sure. Well, thank you, Jessica, for having me. I'm excited about my new role. My priorities are actually very focused around 3 things: continuing to drive our product innovation, continuing to drive profitable growth and continue to improve our customer experience. And we've made investments, as you noted, over the past few years on really building out our infrastructure, so investing in our cloud technology, deploying DOCSIS, investing in all digital, and that has given us the platforms and the ability to launch some really innovative products into the market. And now it's really about scale and how do we get those products into the most profitable segments at the right pace and, obviously, as quickly as possible. For video, that's X1, and X1 has been an amazing platform for us. We have that deployed to 55% of our video subscribers today. We're pacing to have X1 into 60% by the end of the year. So I think there's great momentum with X1 that really encourages us and that we'll have the ability to continue to penetrate X1 deeper into our bundles, around our doubles and troubles and even our quad play subscribers. The voice remote, which we had launched, has really been transformational. We have 17 million voice remotes that we've deployed. In a quarter, we will generate about 1 billion voice commands. So when you just think about a technology that didn't exist that long ago, this is really transforming how our customers are now finding and searching and navigating all of the choices. And we have a new voice remote that we're launching, the XR15, which is coming out this -- a little bit later this year. On Internet, we've been deploying 1 gig speeds. We've been deploying DOCSIS 3.1, which will be available across our -- the majority of our footprint by the end of the year, and we are continuing to invest in WiFi, best-in-class WiFi. In many ways, WiFi has become like oxygen. Customers just want more WiFi, better WiFi reliability. So we're deploying our new gateway, the XB6, which I think is going to be the best-in-class WiFi gateway that we've built ourselves and we're very proud off. And, I think that it's going to be a real game changer for us. But we will continue to lead in HSD, and I think that there's a lot more opportunity there. We also launched xFi, which we were able to light up to millions of customers, and that really is giving customers the ability to control their WiFi network, something people don't really think about. We're now able to provide almost new ways for somebody to enjoy and use Internet beyond just speed, and I think that that's a huge opportunity for us as well. And then XFINITY Home, which is -- we just passed a really amazing milestone for us that we're proud of. We had our 1 millionth XFINITY Home customer, and that's double where we were 2 years ago. So we're seeing good momentum with XFINITY Home, and XFINITY Home is also, in many ways, the foundation for how we see the digital home and automation, which I think is going to become an increasingly important part to our growth and also our future strategy. But probably what we're most proud of is actually also being able to do that with strong financial growth and be very disciplined and focused on growing share, but making sure we're growing profitable share. It's obviously a big priority to Dave Watson, our CEO. It's a priority to me. It's a priority to the senior management of Comcast. And if you look at the first half of 2017, we've been able to increase adjusted

EBITDA 5.8%. We've increased EBITDA margins 10 basis points. We've been able to also add more customer relationships. If you look at over the course of the last 12 months, we have added about 730,000 customer relationships. So I feel like we are firing on all cylinders, both from the product innovation side but also the financial discipline to make sure we're very focused on growing profitable growth. And the investments that we've been -- that we've made in customer experience, which, in many ways, is a journey that we're on but also something we're very committed to, we're starting to see the payoff on that, the return on those investments with first call resolution improvements, lower truck rolls, lower call volume, things that you would look for that give you confidence that we are making a difference and an improvement in our customer experience. And Mike Cavanagh, I know, had provided updated guidance on margins being flat this year versus last -- this year versus 2016, and part of what's contributing to that is the fact that we're seeing these benefits in the investments that we've made in customer experience.

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

The video ecosystem is in the midst of a transformation. Consumers now view what they want, when they want, and Comcast has obviously been at the forefront of this transformation, beginning with the vision that Brian Roberts played out when we announced Project Infinity just about 10 years ago, which eventually led to the X1 platform, which is the base for everything you guys are doing. What have been the most significant changes in video consumption in the last year or so? And what do you see as the next significant trend in the video landscape?

Matthew Strauss - *Comcast Corporation - Executive Vice President of XFINITY Services for Comcast Cable*

Well, clearly, the trend is more and more consumption of video is going to go to time shifting. This is something you're seeing with the decline in live ratings. I think that's a trend that's only going to continue. I think what people sometimes miscalculate though is because they see a decline in ratings, they assume that video consumption is declining, and actually it's the opposite. We see video consumption increasing. It's just that more and more is getting time shifted outside of a traditional measurement. So it's almost like dark matter. You know it's there, but it's not fully being accounted for. So in many ways, we think that we're just continuing to tap into the changes in the viewing behavior, which, in some ways, we've had a huge role in. We launched on-demand 15 years ago. So we know if you go back in time, we were deploying MPEG-2 videos over our network to fairly basic cable boxes to deliver on-demand before there was OTT or before there was even any streaming video happening on the Internet. So this is something that we have always been big believers in and have invested in as part of our core strategy, that giving customers what they want when they want it and having that be a core value to what you get when you subscribe to pay TV. And if you look at the trajectory, there's been a lot of hurdles along the way that have -- if you look at where we are today, the reason we got here is, back then, on-demand was like -- almost like the Forest Gump box of chocolates, like you didn't know what you're going to get. So we spent years really focusing the strategy and focusing the strategy to ensure we have the top 100 Nielsen-rated shows, that we really focus on stacking. So if somebody wants to binge view and have the ability to catch up from the beginning, why are there only 4 episodes? It should be all the episodes. So we now have over 900 series stacked. We call stacked and available on the platform. People have over 140,000 choices. We've really looked to collapse the window to make the content available on demand as quickly as possible after the initial linear exhibition. So if you have XFINITY and X1 and you're watching a show and maybe the show's a few minutes into its live broadcasts, for some shows, you can actually see a little button appear that says, "Do you want to restart it from the beginning?" And that's because we're actually blurring the lines between what's live and what's on-demand, where we're making the on-demand asset available, in some cases, minutes after the linear exhibition. So that has provided us a platform for really inflationary growth around on-demand consumption. When you think about how networks launch their shows today and just the large proliferation of original content, in many ways, on-demand is becoming the place where people go to sample and to catch up and to hear about it. And our footprint, our on-demand platform is probably the largest cable network, if it were rated, just given the sheer size of our customers that are using it. In a given month, over 80% that are using on-demand on average about 32 hours, and that's growing up 20% year-over-year. So you're just seeing this continued trend towards time shifting. In many ways, we are trying to satisfy that. And that to your point, when Brian talked about Project Infinity, what we realized very early on is that you can't manage infinity, so you need to marry infinite choice with ultimate control and personalized control. And that is where X1 ultimately came from. And we have continued to build upon that strategy with also taking that same premise and saying you should watch what you want, when you want but also where you want, and that's why we've been investing and have invested in TV Everywhere, which, if you look at where we are today, we now have about 40% of our subs that use the XFINITY stream app. When you're in your home, we think of a mobile device or almost like a TV as just a piece of glass. So if you want to watch XFINITY on your phone, your tablet, your computer, it's every channel in your home. It's all the on-demand choices. It's your DVR because it's in the cloud. When you leave your home, we now have 200 live channels that are available. So the lines have really gotten blurred where we're really delivering upon Brian's vision of ultimate infinite choice about what you want, where you want and when you want, and I think that we're just continuing to see great, great momentum there. On kind of where it goes, I think there's different points of view. Some will say the future is apps. I would say the future is aggregation, and we see ourselves, in many ways, as the aggregator of aggregators. That the biggest role of a distributor is how we're able to offer all these choices on one platform, and that's what led us to do the deal with putting Netflix on the box. We're putting YouTube on X1. We're putting Sling on X1. And you will continue to see us in this role of aggregator of really blurring the lines between what's live, what's on-demand, what's DVR, what's OTT. It really shouldn't matter, because to a customer, these are just choices and you shouldn't have to switch inputs or figure out how to get to that choice. And I think that's one of our biggest strengths and what we've built with X1 and how we really thought about how we're curating and building our catalog.

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

I'm just trying to take in what you just said. You're carrying Sling -- I didn't -- okay. In 2016, Comcast bucked the pay TV industry trends and gained 161,000 video subs. And again, in the first half of '17, you gained video subs versus an industry that's been challenged. With the proliferation of new video services launched in the market, how do you make sure your video product continues to resonate with subscribers?

Matthew Strauss - *Comcast Corporation - Executive Vice President of XFINITY Services for Comcast Cable*

Well, as I said a little earlier, I think with X1, we have the best video product in the market, I'm convinced of it, but also the metrics that we see, video consumption. You're looking at increases in transactional revenue, AO revenue, DVR attachment. All of that indicates to me that X1 is working, and it's resonating. And I think there's still growth for how we're going to get X1 deployed into our footprint through bundling. So we're very optimistic that X1 is resonating. I think there are also segments. We've got to move away from casting a broad net to being much more surgical in going after segments that we think are profitable, and we're doing this today. We do this in the multicultural space. We do it with college campuses. We actually just passed our 100th school that we now offer XFINITY services to. We're launching a new product, XFINITY Instant TV this year as well. So I think you will see us be very targeted and surgical in how we are growing video, and I think that there are those opportunities. But that being said, this quarter has probably been one of the most competitive that I've seen in recent memory where you have incumbent distributors who are increasing their marketing spend, being much more aggressive with their offers. You also have these new OTT entrants, who, in some ways, appear like they're offering packages that have a negative gross margin to them. And we're going to be competitive, and we're going to evaluate offers. And we're going to obviously do everything we can that we think is financially appropriate, but what we're not going to do is chase unprofitable video subs. I don't think that's what our shareholders expect, and then certainly it's counter to everything I just said about profitable growth and wanting to be financially disciplined. So in Q3, you can actually expect to see us lose in the neighborhood of 100,000, 150,000 video subs. And that's going to be partly due to the competition. It's also going to be due, in part, to the terrible storms that we're seeing, which are affecting 2 of our divisions. But what you'll also see is us hit our financial numbers because we're very focused, we're very disciplined and we're really looking at household economics, growing ARPU, growing positive cash flow and not getting distracted by unprofitable video subs, but looking at it more through the lens of relationships. And to that end, while we'll have a loss in video subs, we'll actually have an increase in total customer relationships in the neighborhood of 100,000 for the quarter. So I think it is the right balance, and I think that you will continue to see us appropriately grow video but do it in a very financially responsible way.

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

So you think longer term, just to -- finalizing that point, that you can grow video subs despite the quarter and the storms and everything...

Matthew Strauss - *Comcast Corporation - Executive Vice President of XFINITY Services for Comcast Cable*

I do think that there are opportunities to grow video. As I said, X1 is a killer product. It is resonating. And there are new products that we will be launching in the market that I think will allow us to be very targeted in going after certain segments. But as I mentioned, to the extent there are unprofitable video subs, that's what we're not going to chase. And I don't think that -- again, I just don't think that's financially responsible.

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

Right, okay. I just want to clarify that the third quarter is just like a one-off kind of thing, okay.

Matthew Strauss - *Comcast Corporation - Executive Vice President of XFINITY Services for Comcast Cable*

Yes. Well, third quarter is seasonal. Also seasonally, this has been a weaker quarter than it has been in the past. So I think it's the combination of those things. But yes, I do believe there is opportunity in video, and we are continuing to look at video as an opportunity for us to grow, but it has to be balanced with this kind of financial discipline.

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

Right. So over the past year, there have been -- as you kind of like alluded to, there have been newly introduced over-the-top offerings, DIRECTV Now, YouTube TV, Hulu Live, all of which are substitutes to the traditional live TV bundle. But there are also a number of offerings already in the market, some complementary, like YouTube Red, and some of the substitutes, like DISH's Sling. You have your own stream of product, which you had mentioned briefly, Instant TV coming in the fall, which seems like more of a substitute product. You've been trialing this in Boston and also Chicago for some time. Can you just talk a little bit about what you've learned from the trials?

Matthew Strauss - *Comcast Corporation - Executive Vice President of XFINITY Services for Comcast Cable*

Yes. Let me just take a step back just to make everyone understands what the product is, then I'll tell you what we've been learning from it. There's always been a segment of the population that's HSD first, video second, and we have those customers in our footprint. But in some cases, they take our broadband and they'll take somebody else's video. And in other cases, they just don't take any video. They just take Internet. And that has always been an opportunity for us to look at how do we attach the right video product to that customer, who, in some cases, it's more economic-driven. In other cases, they just don't want the traditional video bundle. They may be price-sensitive, but there are other attributes that I think is appealing about OTT to this segment, in particular. For example, the ability to try before you buy or cancel anytime or activate instantly and get access to whatever you're subscribing to or having the whole experience be digital so you don't have to call. Everything can be done online in a very cohesive digital flow. So we look at that and say, "Well, how do we go after that segment in our footprint?" And that's where XFINITY Instant TV comes into play. And we've been testing it, to your point, in Chicago and Boston, and we will be deploying this across our entire footprint at the end of the quarter and into Q4. And the premise is actually fairly elegant. It's allowing an HSD customer to download the XFINITY stream app and try free for 30 days. And for less than $20 a month, you can get access to a skinny bundle of content, broadcast content, on-demand content, a 20-hour cloud DVR. And you have the ability, at that point, to access it on any of your mobile devices. And if you want to also access it on your television, you can access it on a Roku box or some smart TVs, which we'll be deploying our app onto. And if you want to upgrade to additional packages, we've created bolt-on packs. So there'll be a kids and family bolt-on pack. There'll be a sports and news bolt-on pack. There will be a entertainment bolt-on pack, and they'll start at about $10. So this notion of rethinking the product, similar to what we did with XFINITY On Campus, where how do you get the right product to the right customer at the right time in their life. I think that, that is the ambition of Instant TV. And what we learned, interestingly, the 2 things that we learned was, one, while there are segments that are mobile first, the TV is still important. And you have to have the ability to allow somebody to access their content on the TV, and that's where we wanted to ensure that we had that mechanism in place and why Roku is -- was one of the ways that now somebody could access their subscription on the television. The other was skinny bundles are great for economic purposes, but the reality is no one ever says they want fewer choices. They say they may want to pay less, but I've never heard someone say they want fewer choices. So the notion of making it easier to upgrade, which is where we came out with this bolt-on packs, is another way to allow this customer to get more choices to the extent that they want them, but do it in a much more modular way. I think the balance for us is to launch this product, but do it in a way that also doesn't cannibalize the base, right?

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

How do you do that?

Matthew Strauss - *Comcast Corporation - Executive Vice President of XFINITY Services for Comcast Cable*

Well, there's a couple ways you could do it. One is we know who our HSD customers are, so we could be very targeted in our marketing to ensure we're getting the right offer to the right segment. You're not going to see us run cross-channel commercials promoting in TV. It's going to be very surgical in going after that segment. The other is there are elements of the product that are limiting, like the number of streams will be limited. So if you are a millennial and you live by yourself or with a roommate, you may be okay. If you're a single-family home with kids, this isn't going to be the product for you. So this is something you obviously have to continue to monitor, and we'll be very diligent in doing that. But I think that we have the right levers in place to allow us to go after this segment as a growth opportunity. And by the way, there's margin built into XFINITY Instant TV, different than what I talked about earlier where we're seeing negative gross margin on some of these OTT services. So we've built in, we think, an economical way to go after this segment and ultimately create that relationship on the video side that we then hope to upgrade over time ultimately to X1.

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

Right. Disney, one of your largest programming partners, announced plans to introduce a direct-to-consumer product, ESPN in, Bob, I know was just here recent, spring of '18 and then the Disney-branded products in 2019. How do you view just these announcements vis-a-vis the impact on the bundled offerings and its potential impact on your video business?

Matthew Strauss - *Comcast Corporation - Executive Vice President of XFINITY Services for Comcast Cable*

Well, I was just listening to Bob. I think it would be -- look, I think it's premature for me to comment specifically on Disney. I haven't seen the product. I have to evaluate. So let me try to answer the question a little bit more broadly. There's nothing surprising to me that there are networks that are looking to go direct-to-consumer. You already see it. You see it, the premiums have done it. You see certain cable networks who have launched direct-to-consumer offerings. There's been a broadcast network that's launched a direct-to-consumer offering. So I don't think that this should be surprising. It's certainly not surprising to us. I think that there's a couple of ways that you have to evaluate this though. One, if you are a programmer, I don't think direct-to-consumer is for the faint of heart. I think that there are a lot of elements that are going to be challenging. To be candid with you, the notion of you now have the responsibility and the obligations of doing all the billing, all the customer service, ensuring the integrity of the video quality when it's being delivered over the Internet -- and I could tell you that tolerance for somebody when their video isn't working is -- it doesn't exist. People just expect their TV to work when they turn them on, and when it doesn't, it's like electricity, that's when you notice it. And I think that if you are a programmer going after those kinds of segments and then have to also do the marketing, and this is typically a high-churn profile as well, I think there's just challenges that are inherent with that business. And probably the biggest one is how do you do that in a way that doesn't also undermine the value of the bundle, and I think that that's one that will have to be revealed over time. Because if you're a customer, if you're a consumer, I think that you may ultimately be presented with all of these offerings where it feels like you're paying more and getting less. In some ways, that could be good for the bundle. It could actually inherently demonstrate the value of the bundle because everything a la carte, when you add it up, costs even more. So I think that that's one potential outcome. But if you are a programmer, it is a fine line because you may ultimately be trading what is arguably like a monthly annuity, where you're getting fixed license fees from distributors, for a la carte consignment economics. Because if this is where the market goes, we have the platform and the capabilities to offer OTT services. Obviously, we're doing that, as I mentioned, with Netflix and YouTube. So if that's where the market goes, we're very open to carrying these OTT services. The question will be, how does it ultimately rationalize with the value of the bundle? And in some ways, maybe it helps us rationalize our programming costs in rethinking what services need to be bundled versus what services we can simply offer a la carte.

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

And then just one thing, just on Disney specifically. Would you consider including their direct-to-consumer offerings as part of your excellent platform like you do with, let's say, Netflix and you mentioned Sling and others?

Matthew Strauss - *Comcast Corporation - Executive Vice President of XFINITY Services for Comcast Cable*

Yes. I mean, again not knowing exactly what the product is but just listening to Bob, we'd be very open to it. We'd be very open to exploring it. I think it will ultimately come down to what is the value of those OTT offerings versus what we currently distribute today and how do the economics of those things ultimately work. But from -- if you go back to what we talked about earlier about this notion of choice and Project Infinity and investing in the platform that gives us the capabilities to be the aggregator of aggregators, we're very interested and open to offering all different types of choices under different kinds of models.

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

So you'll have interesting negotiations coming up. You signed recent agreements with FX and AMC to provide a premium advertising-free experience. What are the company's goals with these offerings?

Matthew Strauss - *Comcast Corporation - Executive Vice President of XFINITY Services for Comcast Cable*

I think that there's always been a segment of the population that's willing to part incremental dollars for premium experiences. TV is obviously no different. And we see this through EST, electronic sell-through. We -- in the few years that we've been selling movies and even TV shows, we've actually become one of the largest digital retailers in the country, just given the sheer size of how many transactions we're able to generate on our platform. So it was very clear to us that there were segments of the population that were buying content, in part because it didn't have commercials or, in some cases, because the content, like on the movie side, typically, the windows are earlier, if you purchase it versus rent it. So this is another great example of just how, with X1, we have the platforms to innovate and to try different models. And when you look at the proliferation of original programming and the high-quality original programming that's happening in the market, there are some cable networks that I think are arguably -- have a lot of the attributes to lend themselves to a more premium experience. FX and AMC are just 2 examples of that, where they're producing high-quality original programming, award-winning original programming, really strong brand, really strong loyal fans, high ratings. So this notion of being able to create a premium experience for somebody just seemed like a natural thing for us to try. I don't think it's for everybody, but I think that there is a segment that will see a lot of value in it. So the way that this will work is if you -- if you're an FX subscriber, and I think this is probably one of the biggest differences to what we just talked about with OTT, is this is actually an execution that I think is very much a value to the bundle, because you need to be an FX subscriber in order to upgrade to FX+. You need to be an AMC service subscriber in order to upgrade to AMC Premiere. So in many ways, it's working in collaboration with the bundle. So instead of focusing on the 15% of people who don't subscribe to pay TV, they're focusing on the 85% that do. And it's allowing us to collaborate much more closely with them on how we market and how we're able to offer these kinds of experiences. But the way that it will work is you will always get the free on-demand offerings with ads. That's not going away. But if you now want to upgrade and you're an FX customer, for $5.99 a month, you get access to ad-free, so all the current series will be ad-free. They have all the prior seasons that they've also made available as well. So in many ways, it has the completeness of being able to catch up from the beginning. There -- I think that there is an opportunity to experiment with Windows. AMC, for example, has shown an interest in experimenting with windows. So today, everything is keyed off of live. Well, why? Why couldn't we flip that? And if somebody want to pay a little bit extra, could you even offer them the ability to watch content before live? So I think that we are -- we're excited about having the ability to try these kinds of services and work together with partners. And I think that this is one where, ultimately, our customers are the -- are going to see the benefit because we haven't taken anything away. We're just giving them more choices in how they can enjoy their video.

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

So let's switch gears a little bit and move on to broadband. Your penetration is still less than 45% of homes [passed], which is amazing. It still leaves a long runway. Can you talk about the competitive environment in your footprint? And where do you think penetration ultimately will go?

Matthew Strauss - *Comcast Corporation - Executive Vice President of XFINITY Services for Comcast Cable*

Well, broadband is certainly a competitive market. We've seen increases in broadband competition as well as we -- as I mentioned earlier, on video. But at 45%, to your point, we think there is real growth in broadband. And our strategy is actually very -- it's very precise. It's really around speed, access and control. And we think that, that is the recipe that's going to allow us to continue to grow share in broadband. So let me try to break down each of those. For speed, this is where I mentioned earlier, we are continuing to roll out DOCSIS 3.1 that will be available to the majority of our footprint by the end of the year and continue going into 2018. But we are now rolling out 1-gig speeds. So having the ability to roll out and have the marketing messaging and making sure that we're really appealing to the segments, to be able to say we've got the fastest speeds, given the investment and the deployment of DOCSIS 3.1, we're able to -- and we have the bandwidth to do that. On access -- and by the way, just on that point though, on speeds, when you look at even our base today, we have about 55% that take over 100-megabit speeds. So we've done a good job upgrading customers to higher speeds. We see the demand for higher speeds. We've actually increased speeds 17 times in the past 16 years, so we're going to continue -- I think that as we continue to increase speeds and as more services that are coming out to market are requiring faster speeds, I think that we're going to be able to tap into that in a very competitive way. The second one that I mentioned was access, and this is really WiFi. Almost every device is really accessing the Internet over WiFi. And this is where we've invested, as I mentioned earlier, with our new gateway, the XB6, which we're starting to deploy, and this is, by far, the fastest WiFi gateway in the market. And I think it's going to allow us to continue to ensure that we're delivering the fastest in-home WiFi for our customers. We've also made an investment in a company called Plume, and this will allow us to optimize the WiFi in the home. So if you have dead spots or there are certain areas of the home, depending on your size, that aren't as reliable, we're really excited about Plume and what that's going to be able to bring to the table. There's also a hardware component to this. So actually just had this put in my home. So we're going to be deploying these hexagon -- they almost look -- they're a little bit bigger than what I'm showing you but you just plug them into the outlet in your home and it creates a mesh network throughout your home, again, about WiFi reliability. And as I said earlier, like WiFi has become like oxygen. Customers just -- they need it. They want more of it. So the notion of speed but also married to best-in-class WiFi and reliability and -- is something that we're going to continue to invest in. And I think that with XB6 and Plume, you're going to continue to see us. And then when you're out of your home, that's where we've also been launching and continue investing in our WiFi hotspots. We have 18 million WiFi hotspots. That is a value that you get if you're an XFINITY Internet customer. So it is that balance of when you sign up for Internet, it's a little bit like what we were talking about with video. When you subscribe to video, we want you to watch what you want, when you want and where you want. And with Internet, to a certain extent, there's a lot of similarity. When you sign up for our Internet, not only do we want to be the fastest, but we want to give you the most coverage, and that's both in the home and out of home. We think that's tremendous value for our customers. The third, and this is one that's new, I mentioned it earlier, xFi, and this is one that I think people don't fully understand only because it's new, which is, while the Internet in many ways has connected us, there are certain elements where I think it's actually made us less connected. So like, for example, I have 4 kids, and at the dinner table, every one of my kids is using their device. And I'm like it's really frustrating as a parent. And in the past, I'd had to like rip out -- like unplug the modem to get them to talk to me. So now with xFi, you have that control. So I can pause the device in the home. I can limit how -- on a device by device basis, how much time they have to access to the Internet. If a new device comes onto the network, I know about it and I can approve it. I think this notion of control and giving customers the ability to better control their network and also how that could ultimately lead to automation and more automation is a new dimension to what we are introducing to what you get with XFINITY Internet. I think it's going to be the combination of those 3 things that is going to allow us to continue to grow share and continue to ensure that we have best-in-class.

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

So given all the statistics you just gave, rolling a DOCSIS 3.1, the increase of speeds, all these hotspots, I mean, you've -- the xFi, you've created tremendous value. How do you ensure you're -- you, the company, is receiving proper value for your product as bandwidth consumption continues to grow?

Matthew Strauss - *Comcast Corporation - Executive Vice President of XFINITY Services for Comcast Cable*

We have a strong model here, a long-term profitability model. It's really about rate and volume, and that's how we look at it. And I think that what you're seeing is, while speed has been primarily the driver for WiFi, as we introduce additional value, I think it will allow us to also command more rate and also allow us to differentiate our broadband product from the competition because I think it's just becoming people want the best broadband. I think as long as we're able to continue to deliver that and surprise and delight them with what they should even expect, they will allow us to continue to grow our HSD profitability.

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

Moving on to XFINITY Home. As you mentioned, you have just over 1 million subscribers, which has basically doubled in the last 2 years or so. But it still seems like it's early days penetration. Homes passed is like 1.8%. Can you talk about the total addressable market? And where do you think penetration levels can go in this segment?

Matthew Strauss - *Comcast Corporation - Executive Vice President of XFINITY Services for Comcast Cable*

So XFINITY Home, in our footprint, it's about a $9 billion market. So as I mentioned earlier, we just passed our millionth XFINITY Home subscriber, which is double where we were 2 years ago. What's probably most relevant as well with XFINITY Home is that 90-plus percent of XFINITY Home customers are through the bundle. So when we talked -- when I talked earlier about being really focused on the value and the value of the bundle and our ability to launch new products off of the investments we've made in our infrastructure, XFINITY Home is a great example of that. I think there's another piece to XFINITY Home, which is still in the early stages, but it's around automation. The notion of being able to allow customers to get wireless cameras, lighting modules, digital thermostats, door locks, sensors, the connected home, in many ways, that strategy, as we continue to go deeper into our base of automation, is being built off of the XFINITY Home infrastructure. So while XFINITY Home is a new revenue-generating unit for us, and I think that there is more growth given the fact that we've hit a million but there is certainly more growth opportunity in XFINITY Home, it is also powering a much broader strategy for us as we start thinking about the digital home and where that ultimately fits over the next few years.

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

So I only have a few minutes left, and I just want to ask you a bigger-picture question. But what do you see as -- I mean, you talked a lot about different drivers of growth. But what do you see is the biggest opportunity for Comcast over, let's say, the next 3 to 5 years?

Matthew Strauss - *Comcast Corporation - Executive Vice President of XFINITY Services for Comcast Cable*

So I was going to give you an abstract answer, but let me try to ground it and then I'll give you the abstract answer. If you think about how we typically go to market today, it's really driven around price. Price and the more products and services you take from us, the better the price. That is the value of the bundle. So we're not going to take our foot off the pedal around the bundle. If anything, that's core to our strategy. But what we do want to transition to is selling on experience, that we have the best experience. And the more products and services that you take from us, the better the experience and the better the price. And that, to me, is a big game changer. So what does that mean? Well, in some ways, here's the abstract answer, I think of it a little bit like time. How do you gain more share of time in someone's life with your products and services. So on video, I know it's 4 to 5 hours a day is what our customers, on average, spend on video. So how do I expand that? And I think about -- think about your phone. I check my phone 100, 200 times a day, maybe even more. It's the first thing I see when I wake up. It's the last thing I look at before I go to sleep. I never turn off my phone anymore. It's always on. Okay, now let's talk about the TV. The TV starts being off. You turn it on to be entertained, and then what do you do when you're done? You turn it off. And the reason you turn it off is because it's no longer providing you any value. So I think of it in terms of let's flip it, let's flip the paradigm, what if I said to you I never want you to turn off the TV. I want the TV to be on 24 hours a day, 7 days a week. Well, if you start going down that path, from a product perspective, what you realize is let's stop thinking of the TV as a conduit for video, let's start thinking of the TV as a display, and video is a big piece of it, but you realize you need to start expanding into other areas if you want to gain more share of time in someone's life. And that is the mindset that we think around, which is this notion of the digital home, not that we won't be focused on mobility and out-of-home access but really, really the next 5 years for us will be this notion of owning the home and how do we connect these products together in a way where they're better. So if I use -- if I had X1 and I have XFINITY Home and I could talk into my voice remote and say, "Set the alarm," guess what, it works or somebody rings the doorbell and I can look on my TV and see the camera. That's because you have 2 products that are tethered together in a way that they work better. That notion of how we're going to start contextualizing and bringing these services together and start rethinking of the TV as a display is ultimately what I think is our biggest opportunity and it's one that I'm very excited about, because I feel we have the right products, the right platforms and capabilities to actually effectuate that vision.

Jessica Jean Reif Cohen - *BofA Merrill Lynch, Research Division - MD in Equity Research*

All right. Thank you so much. Look like we're out of time, but thank you so much, Matt, for coming.

Matthew Strauss - *Comcast Corporation - Executive Vice President of XFINITY Services for Comcast Cable*

It's a pleasure. Thank you.
