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PRESENTATION

Philip A. Cusick - *JP Morgan Chase & Co, Research Division - MD and Senior Analyst*

My name's Phil Cusick. I cover telecom and cable here at JPMorgan. With me today is Mike Cavanagh, CFO of Comcast, who joined the company in 2015. And before that, Mike spent nearly 10 years as a member of the operating committee at JPMorgan including 6 years as a CFO. Mike, thanks for joining us.

Michael J. Cavanagh - *Comcast Corporation - CFO and Senior EVP*

I'm glad to be here. Good to be back.

QUESTIONS AND ANSWERS

Philip A. Cusick - *JP Morgan Chase & Co, Research Division - MD and Senior Analyst*

And with the upfront done last week, I guess we should start with that. How do you feel coming out of that? What did you think was interesting? And what should we be thinking about?

Michael J. Cavanagh - *Comcast Corporation - CFO and Senior EVP*

Well, good. I mean, I think, it's obviously the work that goes on, leading into and coming out means that it's too early to give any real readout or update to folks. But I think the theme across the industry is power of television to reach audiences and get big brand messages out, launch new products, is unique relative to other forms of advertising. So we're quite optimistic about TV advertising broadly. Obviously, there's growth on the digital side. It's been interesting but we don't think it's -- over the long term, we think TV holds its place and that's the sentiment that we're getting in these conversations. We're particularly excited, as we go in, simply because of the progress that the team at NBCUniversal's made over the last 5 years, 6 years since buying the business from GE when it was in last place. And now for 4 years running, NBC's been the #1 network, and that's on the strength of investing in big properties and we've got the Olympics next year, Winter Olympics in 2018, Super Bowl in 2018 on top of the strengths in ratings that we have or positioned. That, together with some of the leading cable nets and Telemundo, which we'll get to in a bit, the most important thing is we sell that all together. So I think we go out to the advertising community as that backdrop of optimism against advertising and are leading the conversations. So we feel good, in answer to the question.

Philip A. Cusick - *JP Morgan Chase & Co, Research Division - MD and Senior Analyst*

Okay. And there's been a lot of headlines about the state of the national and local advertising markets. What are you seeing in sort of for the business overall and then specifically for NBC?

Michael J. Cavanagh - *Comcast Corporation - CFO and Senior EVP*

So I think, we -- in overall, I guess the message on national is that the decline in ratings that has been happening has been offset by increasing CPMs for the reasons I just described, advertisers staying with TV advertising and that economic model continuing to work. So for us specifically, against that -- which we see continuing, and so for us specifically, being in the position, like no one else is, as I just described, leaves us feeling very good about national advertising for NBC itself. And then on the local side, local is an interesting -- a slightly different story, where what matters most is people tune in for news and, more importantly, for weather. So our team at the owned and operated stations at NBC have again done a great job. We love the markets we're in, have driven great results there, and so we expect to have a solid remainder of the year. Obviously, x political local is driven heavily by what's going on. Is it a political year or not? So when you normalize out political, we think it's a solid year ahead on advertising locally.

Philip A. Cusick - *JP Morgan Chase & Co, Research Division - MD and Senior Analyst*

Okay. You mentioned Telemundo, that's been a great 5-year story, but it doesn't get a lot of attention. And I think it will get a lot more with the World Cup coming next year.

Michael J. Cavanagh - *Comcast Corporation - CFO and Senior EVP*

Yes.

Philip A. Cusick - *JP Morgan Chase & Co, Research Division - MD and Senior Analyst*

Just give us an overview of what's happening there, what's the sort of overall growth rate for the business.

Michael J. Cavanagh - *Comcast Corporation - CFO and Senior EVP*

Well, so the punchline, I guess, for investors is that our major competitor, Univision, makes hundreds of millions of dollars more in profit than we do at Telemundo. That, obviously, correlates to how the businesses are doing. And so years back, we were far behind them in terms of ratings and significance. And now on the back of investments and programming, so heavy investment in primetime, later-hours programming initially followed by full primetime slate, together with investment in sports infrastructure and some talent, has brought us basically into the same neighborhood as them in ratings terms. So obviously, it takes time to catch up in terms of affiliate fees and advertising, but expect that if we continue to sustain the position we have with -- that we'll be able to do much better profitability-wise in Telemundo over the coming years.

Philip A. Cusick - *JP Morgan Chase & Co, Research Division - MD and Senior Analyst*

That sounds familiar with the NBC story over the last 5 years.

Michael J. Cavanagh - *Comcast Corporation - CFO and Senior EVP*

Doubled cash flow in 5 years, so it's a good strong story.

Philip A. Cusick - *JP Morgan Chase & Co, Research Division - MD and Senior Analyst*

Is the sort of undermonetization at Telemundo similar to where NBC was 5 years ago?

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Michael J. Cavanagh - *Comcast Corporation - CFO and Senior EVP*

Yes, and I mean, and for the same reasons. And the same way that NBC was lagging as the team arrived, in the #4 position. It takes a while to prove out the sustained performance and people, who had been leaders, have a little bit of a grace period as they slip. But eventually, if you capture that as affiliate deals were new and as upfronts come and go, you're able to monetize the difference and catch up and close those gaps. And so the performance is there, time and you sustain -- we have to sustain it and we have to then focus on getting paid properly, but that's -- we've seen that move before in being able to do that. Really a good -- a very good success story that, as you said, is just another example of so many businesses in the NBCUniversal portfolio. And as you go deep into them, there's lots of very similar stories in terms of just great management of these underlying -- focus on underlying businesses and driving them forward.

Philip A. Cusick - *JP Morgan Chase & Co, Research Division - MD and Senior Analyst*

And is that at Telemundo still both a retrans and an ad rate business? And do they sort of go together as they mark (inaudible)?

Michael J. Cavanagh - *Comcast Corporation - CFO and Senior EVP*

Similar to NBC, retrans, affiliate fees and advertising.

Philip A. Cusick - *JP Morgan Chase & Co, Research Division - MD and Senior Analyst*

Right. And retrans at NBC has been a huge headwind this year. I think 70% up this year in the first quarter. How should we think about the growth there? Have you sort of captured a lot of that ramp? Or are we still going at that pace?

Michael J. Cavanagh - *Comcast Corporation - CFO and Senior EVP*

Well, you think that was -- I think de minimis or nothing. I think it was $4 million 5 years -- 4, 5 years ago. It was $850 million last year. We've guided at -- we expect retrans to be $1.4 billion in '17 and, hence, the growth rates that you described. It's on the back of everything I just described. The leading position of our NBC broadcast side with all the things that we just talked about, it makes it must-have television. So we'll -- you've heard some of the numbers that CBS talks about, which is continued expectation for substantial growth, and we see no reason why we wouldn't be among the market leaders in retrans. So there's more to come.

Philip A. Cusick - *JP Morgan Chase & Co, Research Division - MD and Senior Analyst*

Still following that same path.

Michael J. Cavanagh - *Comcast Corporation - CFO and Senior EVP*

Yes.

Philip A. Cusick - *JP Morgan Chase & Co, Research Division - MD and Senior Analyst*

Okay. And flipping over to the cable net side, affiliate fee revenue was, I think, up 9% in the first quarter, which surprised a lot of us given comments around the industry. How should we think about the sustainability of that growth?

Michael J. Cavanagh - *Comcast Corporation - CFO and Senior EVP*

Well, I guess, I'll start at the end, which is that we continue to believe that the -- with all the pressures on the cable business from cord shaving and cutting to ratings and the like, that we have been focused on these dynamics for quite some time. Steve was one of the earliest guys talking about the dynamics of the industry and what it meant to kind of manage in this kind of environment. So we said then and we've continued to say that we think we can manage that business to be a low to mid-single digit EBITDA grower through time. This year, we had, as you said, 9% growth year-over-year in affiliate fees, which is a level that will drive EBITDA growth this year above that long-term rate, and we'll expect that to continue. This is a year where we reset a lot of -- many of our affiliate deals reset at the beginning of the year had kind of step-ups that you get in the very first year, which are bigger jumps typically, and then they'll be back to more normal growth rates in affiliate revenues after this year for the remainder of those contracts, getting us back to the longer-term guidance, which I think is good guidance in this environment for cable net profitability.

Philip A. Cusick - *JP Morgan Chase & Co, Research Division - MD and Senior Analyst*

Okay. And flipping to film, we had this a couple of years of...

Michael J. Cavanagh - *Comcast Corporation - CFO and Senior EVP*

Good. Working at NBC for you -- you, for a change, thank you.

Philip A. Cusick - *JP Morgan Chase & Co, Research Division - MD and Senior Analyst*

Other people cover cable recently. But film used to be a really volatile business, and it's -- I was talking to somebody about this recently. It seems like it's becoming more stable. So the last few years were off a little bit from '15 levels. But it seems like with the number of hits this year, '17 could be very similar to '15 in terms of that record cash flow level. So number one, does that make sense? And number two, is there a reason we should see a lot less volatility going forward and start maybe to monetize from an investor standpoint that film cash flow?

Michael J. Cavanagh - *Comcast Corporation - CFO and Senior EVP*

Yes, I think that it's been the team of Steve, Jeff Shell, Donna Langley, Ron Meyer, from the beginning, have talked about how to manage a slate of movies through time that we're not in the business of taking big swings without a picture for how that fits into an overall portfolio. So you see a lot more from us of building the kind of franchises we now have. I think 5 years ago, we had one franchise, meaning a repeatable film. And now we have 8 across the -- so bringing back more proven intellectual property, doing more and driving success in the animated side, together with taking other comedy or other genres, making sure that the size of the portfolio of bets we're making in the slate in a given year kind of makes sense. So I think that is the dynamic that's changing the volatility and ability to monetize in the film business, together with doing much better in consumer products as an example. So going back to your question, we were record in the 100-year history of the studio was 2 years ago, $1.2 billion. We said at the time, that was the -- we had a lot of our franchises repeat that year. So things -- last year, we just simply had as good a performance, I would say, for the type of slate and the number of repeat franchises we have. This year, we're off to the -- and so profits were $700 million. I think the third best year in the 100-year history of the studio. And then this year, we're off to the best first quarter, and films like Get Out, which caught the cultural zeitgeist, put up $5 million, very small budget, split. We had the Fifty Shades, and obviously, Fast 8 came through with another $1 billion-plus box office for that franchise. So it got us off to a great start. We still have Despicable Me 3 coming, Pitch Perfect 3, The Mummy, so a lot still to go. So it's certainly within the realm of possibility that we can repeat what we did last year, but we'll see.

Philip A. Cusick - *JP Morgan Chase & Co, Research Division - MD and Senior Analyst*

So with that many...

Michael J. Cavanagh - *Comcast Corporation - CFO and Senior EVP*

And again, in '18, we have Jurassic World coming back again and another Fifty Shades. And that's -- you think about this slate having a cycle that we rolled through. And hopefully, when we're investing in new, we're looking to make sure that we have some view to create new franchises as we go.

Philip A. Cusick - *JP Morgan Chase & Co, Research Division - MD and Senior Analyst*

And how much does DreamWorks fit into that?

Michael J. Cavanagh - *Comcast Corporation - CFO and Senior EVP*

It's -- the animation side is -- the successful movies in the animation side are among the most profitable of any movies you could make. So what we observed, and the team there knew when we talked about when we did the acquisition, was that you just -- we have a great animation team led by Chris Meledandri and Illumination, Minions, Despicable Me being -- among others, now, Secret Life of Pets and Sing franchises launched last year. So we've got that studio, Illumination. But to scale even bigger, we felt like we needed a whole ‘nother animation studio. Chris will play a role, along with Donna Langley, across both of the studios. But getting more capacity to make animation a product rather than just pushing Illumination to do more than it was comfortable doing was the right answer. So unique opportunity to get that business a year -- a little over a year ago, and we're very pleased as we sit here now. Integration's going -- gone quite well. It's kind of done and integrated. We've got a couple of years till we really start to see movies that went from concept to greenlight to production under our watch. But films that came out this year from the legacy DreamWorks were Boss Baby and -- what was the other one? Trolls. Both did better than expected, so that's great. And on the TV side, the outtake that we do with Netflix was another big engine of opportunity for us, where we at Universal had not yet invested to create animated television, an animated television studio, so leveraging what we got with DreamWorks is underway on the TV side. So all good, and then obviously, consumer products feeds right into what we're already trying to do on the Universal side. And as you know, I mean we've got a substantial gap between the profits Disney earns on consumer products and what we earn. And while we don't necessarily think that over time, we'll fill all of that gap, we have a lot of upside and given all the properties we now -- all the IP we now have on the consumer products side in film.

Philip A. Cusick - *JP Morgan Chase & Co, Research Division - MD and Senior Analyst*

So how are you working on monetizing that? We haven't talked about that before.

Michael J. Cavanagh - *Comcast Corporation - CFO and Senior EVP*

We've hired some key leaders that have experience in the space. We're taking in -- I mean historically, like a lot of businesses, is it an area of focus or not. And when it is not an area of focus, we had a lot of just simply folks that would be out there, willing to license our intellectual property for pencil cases in Hong Kong or erasers in other places or lunchbox. So either you are just trying to skim or you're really doing a thoughtful -- what are the products out there that retailers out there can really drive, what can we do to really help use our creative to control more of that, more of those economics and drive those economics. Again, there's models like Disney out there that do it really well. And I would say, neither ourselves nor DreamWorks had gotten our business on the consumer products side to be executing or even aspiring to execute the way the best-in-class guys did, and that's now the mission for that business. So we think that's, again, hundreds of millions of dollars of steady ongoing profitability if executed right. So going again back to the -- what's the -- how volatile should the film business be. It's always going to be up and down based upon the particular movies in a given year slate and it's always going to be up and down based upon do things hit or not hit, how big are your surprises versus your disappointments. But things like consumer products, more animation are the types of things -- things we're doing, we've got the Fandango ticketing business in the film business, and so ramping some digital activities in that space and growing are all areas where you can take the overall business and change its economic profile, which we feel really good about. Great work by that team. So again, that EBITDA from film was almost nothing 5 or 6 years ago. Since then maybe $400 million, 5 years ago and $1.2 billion, 2 years ago, $700 million last year. Again, this will be another decent year. And next year, we'll see.

Philip A. Cusick - *JP Morgan Chase & Co, Research Division - MD and Senior Analyst*

And hundreds of millions of opportunity in products.

Michael J. Cavanagh - *Comcast Corporation - CFO and Senior EVP*

Yes.

Philip A. Cusick - *JP Morgan Chase & Co, Research Division - MD and Senior Analyst*

What's the time frame to get to something like that?

Michael J. Cavanagh - *Comcast Corporation - CFO and Senior EVP*

Several years. It's -- these are not 12-month opportunities, several-year type of opportunities.

Philip A. Cusick - *JP Morgan Chase & Co, Research Division - MD and Senior Analyst*

You're also spending a lot of money on the theme parks. It seems like a sort of continued CapEx effort. How long is that runway? You've talked about 10,000 rooms, I think, on property. Where are we now?

Michael J. Cavanagh - *Comcast Corporation - CFO and Senior EVP*

So we still have good long way to go. You think about our portfolio on the park side. We've got Orlando, which is a big market, where lots of visitors -- thanks to the other theme park in the market. We have a market share opportunity of capturing our fair share of the visitors to theme parks in Orlando, with a very unique -- if you're a family with somewhat older kids, the story keeps getting better and better in terms of the reasons to spend some of your days in Orlando. And increasingly, all of your days in Orlando at our, currently, 2 gates at the Universal Park and CityWalk, together with -- we're opening Thursday, the third gate, which is going to be our Volcano Bay water-based theme park, which Brian sent me over the weekend, the videos of them testing, the lava shooting out of this 10-story volcano. He's going Thursday, and we'll see whether he posts anything on Facebook or Instagram, but we'll see. There's a vertical drop that he may or may not do. But you think about in a market like Orlando, where there's tremendous visits coming in, we've got 5,600, I think, hotel rooms, we would think. And in a market like that, we have multiple gates. The idea of investing in hotels with our partner Lowe's is extending length of stay. So you can have people come and spend more days go from x number of days to that plus together with everything we described including CityWalk and consumer products, driving per capita spend higher. So we've got those levers that you're trying to drive. And to do that and sustain growth, which has worked well for us, you got to invest in the parks. So we've been steadily on about one new attraction a year in each of our major parks. So we just opened the Jimmy Fallon Race Through New York this year. And earlier this year, a month ago in Orlando, we had, obviously, the 2 Harry Potter openings in Orlando. Several years back, we did Harry Potter in L.A., Hollywood last year. And now, of course, we just bought in our Japan theme park and the same idea there. And we've acquired the rights for park purposes to the intellectual property of Nintendo, so think Mario and the like. What our creatives are excited to do with that, we think that intellectual property for theme parks tests well at anything we've ever seen. So in coming years 2019, we should open a Nintendo World in Japan followed by Orlando sometime down the road. And to the potential question for why anyway, why buy a theme park like Japan, well, you think about the investment we're on and the ability to scale the intellectual property of something like once you spend the money to create and conceptualize the type of attractions you would put in a Nintendo world, well, if you're going to do that and have an ability to leverage that across multiple parks, we'd rather own than license out our name. So Japan, great park, we're glad to buy that one in. And in coming years, maybe 5 years down the road, we'll be opening in Beijing.

Philip A. Cusick - *JP Morgan Chase & Co, Research Division - MD and Senior Analyst*

And CapEx in that business has been ramping, call it, 10% a year. Is there an opportunity to really accelerate that and an appetite to do that?

Michael J. Cavanagh - *Comcast Corporation - CFO and Senior EVP*

Well, I would say, generally speaking, we'll keep doing what we've been doing. Whether that's going to require more capital intensity, I wouldn't necessarily point you there. We'll come back to that when we do next year's guidance. This year, you're right. We're going to be up 10%, but there's lot of things other than attractions that's going into the numbers. So if you have to do some infrastructure on a periodic basis, sometimes you have some bumps.

Philip A. Cusick - *JP Morgan Chase & Co, Research Division - MD and Senior Analyst*

Okay. Let's switch over to the cable business and talk first about, in the first quarter, you were the only cable company to -- or video company, I think, to add subscribers.

Michael J. Cavanagh - *Comcast Corporation - CFO and Senior EVP*

Yes.

Philip A. Cusick - *JP Morgan Chase & Co, Research Division - MD and Senior Analyst*

And what's driving that? Is it sort of a low-end mix? Is it a broadening of distribution? What's happening there?

Michael J. Cavanagh - *Comcast Corporation - CFO and Senior EVP*

Well, you've heard us talk about it before, but it's a combination of we think we have the best video product. We think X1 in particular, the platform that drives video for us, keeps getting better and better. And as we penetrated deeper and deeper into our base, that's distinct versus other folks. And last piece, I'd say, we've been investing heavily in the customer experience. And so that all is for the last couple of years and we're -- all of those things are helping drive better retention as well as more reasons to be with us, and that's the net effect of it. So we're pretty -- we understand and see that there's plenty of competition out there. There's new entrants in the OTT space coming in, but we like the tools in our toolkit to continue to compete effectively for the business and continue to -- as Dave said, as recently as Thursday or Friday on another stage, his goal is to add video subs in 2017 for the full year, and we obviously did in the first quarter.

Philip A. Cusick - *JP Morgan Chase & Co, Research Division - MD and Senior Analyst*

And part of that video subs is -- it seems like being pulled along somewhat by broadband. Broadband penetration though is starting to get a little higher. Telco is fighting a little bit harder. Do you feel like the growth there is sustainable?

Michael J. Cavanagh - *Comcast Corporation - CFO and Senior EVP*

We do. I mean broadband, we were talking earlier with a group, we think about broadband -- it's a fabulous business. We think kind of any way the world evolves, our customers need and desire to have more capacity and faster speeds and the best product available to them in all dimensions is a very important great product to be providing the folks. So we see that as continuing to be a growth driver for us for quite some time. And as you know, it's just the investment in speeds, 16 or 17 speed increases in 16 years. The percentage of people that we have at 100 megabits speeds are higher. Our investment in DOCSIS, new wireless gateways, they're coming out, the XB6 to enable that, investment in mesh Wi-Fi, with our investment in Plume, you go on and on. We're not resting on our laurels. We're making the product better and better. And that's when you look at it in hindsight and ask the question about how were we doing -- why are we doing what we're doing in video, it's -- today, it's because of the stuff we did to invest in the product in quarters and years past. And think of us as looking at our broadband business in the same way, continuing to make sure we're well ahead of the curve in innovating and making the product better and better over time.

Philip A. Cusick - *JP Morgan Chase & Co, Research Division - MD and Senior Analyst*

And it seems like every week, we're getting new news about another over-the-top potential player anyway, although some don't really show up. How do you think about that ecosystem? Are they synergistic with existing video and broadband? Are they cannibalistic to existing broadband? And as an owner both of media assets and as a distributor, how do you think about the dynamic there over the next few years?

Michael J. Cavanagh - *Comcast Corporation - CFO and Senior EVP*

It's a little bit wait and see. We don't have to wait and see whether they're going to be coming at us and trying to compete. That's for sure. They're coming and we observed that and said so. The wait and see is these things always take time to see how they mature. You're seeing a lot of products that are coming to market as we said for reasons. The reasons why we haven't -- we've been asked repeatedly why don't we go out of footprint with a video-only product, and we obviously see the benefit of bundling economics with other products we can deliver. Obviously, many of the OTT players, this is all they're doing. And when they're coming out of the gates with model -- business models that maybe at best to breakeven plus or minus a little bit and face the same long-term challenges that you all point out that we face, which is higher programming cost over time, so therefore, the losses are going to get bigger or the prices are going to have to go up and will that resonate with the folks that are trying out the products in the first instance, we'll see. All it says is -- to me and to us, is that we like our own game in terms of segmenting customers, providing a great video experience through X1, integrating Netflix, integrating YouTube, making it better and better as time passes, bundling it with broadband and providing a great value so that when someone who really does the -- what do I give versus what do I get if I go to an OTT choice, we hope to drive it to a place where the outcome is that it's more complementary than not, more bringing people back to the ecosystem than taking people away from the ecosystem. It's going to be a different outcome for every traditional video distributor. But we like the way we're set up and continue to stay focused on making our video product better and better.

Philip A. Cusick - *JP Morgan Chase & Co, Research Division - MD and Senior Analyst*

Okay. Let me switch to cost for a few minutes in cable, and the nonprogramming OpEx growth in the first quarter was 1.4%, I think, which was much lower than the trajectory has been. Are you looking at substantial cost-cutting efforts in there? What are you doing to control that line?

Michael J. Cavanagh - *Comcast Corporation - CFO and Senior EVP*

But I wouldn't say it's lower. I wouldn't say it was -- it shouldn't surprise anybody because we have said that it's our intention in the last 2 years when we -- this year and last, higher than historical and higher than what we expected to see in the future programming costs that we intended to do our best to maintain or only let margins drop modestly. And so the math to get from here to there is we got to do exactly what we've done on programming cost in '16 and '17 -- I'm sorry, on nonprogramming cost, that is. And the -- what's behind that is not random and indiscriminate cost-cutting in order to achieve that. It's really the thoughtful focus that we need to run lean, leaner and also that we invested heavily going back a couple of years in the customer experience. And as we said at the time, really just as I was arriving and coming off of redirecting sort of the troops that were intended to be working on the Time Warner Cable integration, Neil Smit and Dave Watson kind of said we're going to redirect all that energy and power into fixing or improving our customer experience. And so we've put a lot of effort, which included a lot of expense against getting in front of the experience while we did the root cause work to change the back end. And now we're starting to see the back-end fixes, driving calls and truck rolls and the things that drive customer service-related expenses are coming down, and we're benefiting from that roll-down on that as an example.

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Philip A. Cusick - *JP Morgan Chase & Co, Research Division - MD and Senior Analyst*

So it's not cost-cutting. It's the result of the investments?

Michael J. Cavanagh - *Comcast Corporation - CFO and Senior EVP*

We invested to achieve better experience and we said all along, and I've seen it in my prior life, better customer experience is often done at lower cost. And so on the other side of it, there's lot of effort put into digitizing the business, so to speak, making digital channels where there's fewer errors, easier for people to manage the experience, app-driven customer calls, onboarding through -- and that's a journey because not all of our customers want to necessarily deal with it, and we got a legacy base. But obviously, in the world we live in, you see many companies doing a great job, running their infrastructure that way when they're customer-facing businesses, and I think that's another long-term theme that will be helpful to nonprogramming cost.

Philip A. Cusick - *JP Morgan Chase & Co, Research Division - MD and Senior Analyst*

And so after a couple of years of investing in that and sort of larger-than-normal programming numbers, if that trajectory continues on, and in '18, we can start to see real margin growth again, going back to some historical...

Michael J. Cavanagh - *Comcast Corporation - CFO and Senior EVP*

We'll see. We'll be back to -- we don't go beyond the year in terms of giving any guidance. So we'll talk about next year when we get to the end of this year. But I would tell you that we're going to keep doing the same things. Like I said, the outcome of what you're seeing in nonprogramming is the result of the same work that's going to continue. Obviously, the -- what specifically the opportunity that is that drives the numbers will be different as time passes by, but we're going to keep doing the same type of work.

Philip A. Cusick - *JP Morgan Chase & Co, Research Division - MD and Senior Analyst*

Got it. Last question, last week, you sort of quietly launched your wireless offer to your sort of entire customer base with a -- I think a $45 short-term offer for everyone. It sounds like the beta went pretty well and no real issues there. What have you learned so far both in the beta in the first few days of the offer?

Michael J. Cavanagh - *Comcast Corporation - CFO and Senior EVP*

Not to be glib, but I would say we've learned nothing because it's just too early. It's -- we're -- many of you have heard the launch of the product a couple of months back. We did an employee rollout that, obviously, left us with all green lights. So we advanced to, as you say, a soft rollout to customers last week. So it's a few days, but we're in no different a place than we were when we kind of made the announcement of what we're doing, how we're thinking about it and the like. So we continue to be optimistic that going down the road we're going down, we'll have the potential to lower churn in our existing business, deepen relationships with existing customers, all at economics that can be stand-alone profitable. And if all that works, that should continue to be a reason why customers come to us versus going to other places. So hopefully, it affects the arc of growth in the business. But time will tell. We said we'd keep people updated as we learn more. And I would think about our offer, $45 unlimited for our best customers, $65 for everyone else on unlimited and then a pay By the Gig product of $12 for folks that select between those 2. Big point and no line charges and the big point is within a household, not everybody has to do the same thing. So you can have parents on By the Gig if they're not using a lot, data hungry teenager on an unlimited package, so I think that we'll see how customers respond, but we think we're bringing forth between the value proposition and the fact that it's, obviously, the best LTE network in the country together with the best devices, married together with our distribution -- we have 29 million relationships today. And we'll do everything we can to leverage our existing business and assets, but we're going to walk before we run and learn as we go.

Philip A. Cusick - *JP Morgan Chase & Co, Research Division - MD and Senior Analyst*

As Brian pointed out on the call, the company has been around the wireless space for 25 years. Why is now the right time to launch an MVNO? You've had the opportunity before. Is the overall ecosystem coming to the point where you really see synergies between the 2 sides of the business?

Michael J. Cavanagh - *Comcast Corporation - CFO and Senior EVP*

No. We're not at a stage where we have any -- we want to learn what's -- we want to get out there and we now have handsets. We now have devices that are -- prior MVNOs are not ones available under as good a network as this one is. The economics of this particular MVNO, remember, we don't go into details, but it was borne of a business transaction where we sold spectrum, that is valuable spectrum, as you know, in exchange for something that we wanted to have good economic characteristics for us as we thought about one day potentially doing this. So I think the circumstances are a little different than they were before and now certainly a good time to get on with, hopefully, driving a successful product, new product.

Philip A. Cusick - *JP Morgan Chase & Co, Research Division - MD and Senior Analyst*

Good. Good place to stop. Thanks.

Michael J. Cavanagh - *Comcast Corporation - CFO and Senior EVP*

Great. Thanks, Phil. Thanks everybody.