## PARTICIPANTS

**Corporate Participants**

**Michael J. Angelakis** – Vice Chairman & Chief Financial Officer, Comcast Corp.

**Other Participants**

**Jason S. Armstrong** – Analyst, Goldman Sachs & Co.

## MANAGEMENT DISCUSSION SECTION

**Jason S. Armstrong, Analyst, Goldman Sachs & Co.**

Okay. Welcome to the afternoon sessions here at Communacopia. I'm Jason Armstrong, and I'm joined, I'm really happy to have Michael Angelakis with me from Comcast.

**Michael J. Angelakis, Vice Chairman & Chief Financial Officer**

Glad I could be here.

**Jason S. Armstrong, Analyst, Goldman Sachs & Co.**

Michael, let me throw you a sort of a just a broad opening question that maybe frame the subsequent discussion. But looking across the sort of the cable and media assets making – maybe taking a longer term, a three-year to five-year lens, maybe take us through sort of the biggest opportunities for growth.

**Michael J. Angelakis, Vice Chairman & Chief Financial Officer**

Well, let's talk about the lens and growth a little bit. For us, the lens is a little bit more than three years or five years. We really do have a bit of a longer horizon. And when we think of growth, we actually do think of a concept that we call sustainable, profitable growth. So really important for us when we think about horizons and growth, that we want to grow revenue, operating cash flow, and free cash flow. And those are sort of the three key financial metrics that we're really focused on with regards to growth.

So we feel optimistic that we're able to grow those three metrics pretty considerably over time. We think the company is uniquely positioned. We have about 20 million high-speed data customers, we have 22 million video customers, we have 10 million voice customers; we have a number of business services customers. And then at NBC, with regard to both the broadcast and cable, we represent about 20% of the market. So we think that our suite of assets or our asset base is pretty unique across the technology platform and media side, and we are very focused on execution and very focused on growing those three metrics.

So that's kind of a pretty large statement, and you really got to go granular, go through the different business segments. And if you want, I'm happy to do that. We'd go through sort of how we look at our Video business and our High-Speed Data business, and let's just go through.

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I think our video business, we've made massive investment in our video business. If you go back a couple years ago, we did all digital DOCSIS 3.0. We went more high-def. We renamed the product, XFINITY, and I think we transformed our video experience. And since then, over the last 10 quarters, nine of them we've had improved performance year-over-year and we continue to increase revenue in that business as well. And I think we're about to with a new development of X1, ultimately X2 in TV Everywhere, and more VOD, and more multiplatform, I think you're going to see us again transform that video product to be very much best-in-class. So our goal over time is to continue to grow the revenue of that business and hopefully, at some point, grow market share. But we think we've now transformed the video product and have really terrific best-in-class product.

High-speed data, I think the numbers speak for themselves. Again, we've made massive investment in our high-speed data product with DOCSIS 3.0. We've continued to increase speed. We've increased speeds 11 times in 11 years, and we continue to invest in that network. And we've increased our net adds by about 1 million customers for the last seven years, each and every year. And I think as the market grows, we are taking share because we actually have invested in that product.

Voice, every one kind of thinks that voice is a non-issue. But we have 10 million customers, we're growing that business and that business is growing really nicely, and it's part of our Triple Play service. And then when you think about our business services, which is really important, that business is growing in the mid to high-20%s. And we really think that, that business has lots of room left to grow given our competitive position in that market and our product suite, we've really invested in that. So our core Cable business, you got to – our team has done a great job. We really transformed that business, I think, to be much more innovative, much more of a technology leader, much more customer focused. And I think we're going to continue to build on the momentum we have there and continue to growth that business.

NBCUniversal, we've now owned it for two and a half years, give or take. We've increased our operating cash flow by almost 50% during that period of time. And broadcast was a turn around. We're still in the process of turning around that business, going from fourth to third. I think we have a shot at getting close to two, if not two. With that comes retransmission consent, with that comes better CPMs, and I think we're making progress on all those fronts.

Cable networks, great suite of services. Again, we're going to continue to grow our advertising CPM. We're going to continue to grow our affiliate fees, so very optimistic about that. And obviously, our parks business has had exceptional execution. That has grown very nicely, we're investing there. And when you think about even film, which has a little bit more volatility, that's performing much better than it did last year. So, we have a large complicated business, but they're all connected with adjacencies in terms of we think about the telecommunications, technology, media platform, and really the goal is to work together as one company to continue to innovate and grow that business along those three metrics. So little bit of long-winded way for us to say we're optimistic.

**Jason S. Armstrong, Analyst, Goldman Sachs & Co.**

Sounds like that's a great overview. Thank you. Maybe if we talk about the Cable business and you sort of laid out the framework for why you've moved the needle operationally, some of the things that have contributed to that. As we look at sort of the forward from here, I mean it seems like there probably shouldn't be any change in terms of the ability to continue to take strong market share as it relates to broadband, continue to hopefully improve the video subscriber trajectory and still focus on voice.

Are there any headwinds that we should be aware of? I mean, it all sounds like very bullish commentary as it relates to the product.

**Michael J. Angelakis, Vice Chairman & Chief Financial Officer**

Well, I think we are bullish as it relates to the product. I think we're optimistic related to the general economy and hopefully things are getting better compared to several years ago and I would clearly say, we had some economic headwinds. Hopefully there's some benefit there, but it really does center around the product and it really does center around execution. When we went All-Digital, we called that Project Cavalry three years or four years ago, we clearly transformed the video product. I think we're about to do that again. Even with that transformation, we've improved our results and our hope is that over time, we'll continue to improve our results.

On the broadband side, we are continuing to push our service. We think that we clearly have a better broadband product because of our investment in that and don't really see too much headwinds. We're seeing AT&T a little bit with their project to a bit more overbuild. Our overbuild is now about 43% in total compared to 41% 12 months ago. A little bit about 14%, 15% with FiOS and about 28% or so with AT&T. By the way, none of that's new though. So we've competed with both those providers as well as satellite folks for a very long time and still, I think, put up improving results.

So whether it's video, data, voice or business services, which we should spend a few minutes on, I think the economic environment hopefully is helpful and I think our products are getting better and it's really – our team is executing better.

**Jason S. Armstrong, Analyst, Goldman Sachs & Co.**

Okay. On the economic environment, at least this relates to residential, the – we talked about housing for quite a while now.

**Michael J. Angelakis, Vice Chairman & Chief Financial Officer**

Yes.

**Jason S. Armstrong, Analyst, Goldman Sachs & Co.**

And there's been better and better indicators as it relates to housing, but there's always been sort of this lag effect as it relates to cable companies. Are we at a point in time where we can actually start to see benefits to you in the cable industry?

**Michael J. Angelakis, Vice Chairman & Chief Financial Officer**

I think it's still a little bit early, to be honest with you. I mean, there's not – we don't think there's any material impact yet from housing starts or reduced base vacancy rates that have sort of help provide a meaningful tailwind to the business. I think the good news is, compared to several years ago, we actually had meaningful headwinds on those side. A little bit glimmer of hope is one thing we monitor very carefully besides housing starts and vacancy rates is how much do we actually spend on extensions. And if you go back to 2009 or so, we were spend – I'm sorry, 2007 or so, we were spending x dollars. Over the last couple of years, we've been a fraction of that. There just really has not been much extension dollars. Now this year, we're starting to see a little bit of a tick up. Not that meaningful, but a little bit of a tick up where our field operations are asking for more

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capital for extensions. And that's always a good sign. It's better than the latter. It's still a third of what we were investing in five years ago, but it's a tick up from we were in 2012 and 2011. So we're cautiously optimistic that's going to help.

**Jason S. Armstrong, Analyst, Goldman Sachs & Co.**

Okay. And is that – I know you said it's small. Is it meaningful enough that it sort of continues the space of better video trends year-over-year?

**Michael J. Angelakis, Vice Chairman & Chief Financial Officer**

I don't think it's meaningful enough to create a directional change, but we'll take any wind in our sales. And for us is, that's a good sign and I think as the – let's think about housing starts. Housing starts historically have been between 1.5 million and 1.8 million housing starts per year, and over the last few years it's been a third of that. And now it's bumped up a little bit to 800,000 or so. So listen, we are hoping that there is a little bit of tailwind. We think with our product set, we'll get a disproportionate share. Just haven't seen it yet, and – but we're hoping we'll get there.

**Jason S. Armstrong, Analyst, Goldman Sachs & Co.**

Okay. X1 and now X2 announcements have been ahead of peers, ahead of largely what the industry is doing. So there's a lot of buzz around this. And rolling this out, the question from the analyst community has been, how is this starting to influence behavior and are you starting to see different metrics in these markets relative to legacy markets? Is there anything you can say related to that now?

**Michael J. Angelakis, Vice Chairman & Chief Financial Officer**

I think it's still early with regard to the X1 rollout. For those of you who don't know, X1 is a new entertainment operating platform. It's kind of a new IP-based navigation platform that we have. We rolled out X1 to about 85% of our service areas. It'll be at 100% by the end of the year. We're connecting about 10,000 X1s every single day right now, and that number will ramp over time. Clearly, it's a better experience for our customer base. We have a tremendous amount of VOD that we utilize. We do 400 million VOD views every single month.

So on our 22 million video customer base, not all of them utilize VOD. But the ones that do, we're generating 400 million a month. It's so much easier to navigate through the tens of thousands of choices we have, movies, TV shows. So our VOD viewing is up. Our VOD revenue is up. Our customer sat is up. So we're pretty excited about X1/X2, and we're gently ramping that up. X2 is really a software download, so I think you'll see much more of that later this year early next year. I kind of think about the Olympics as an interesting time for X2. But X1 right now, we're really excited and we're deploying it pretty quickly.

**Jason S. Armstrong, Analyst, Goldman Sachs & Co.**

Great. Let's talk about broadband quickly. Your pacing, I think, last quarter was sort of at least in the metrics, the biggest positive surprise. Well up to consensus expectations. If you think about the pacing in the last seven years, we've had incredible consistency in this product delivering over 1 million subscribers per year. Some would worry that we're about to hit some penetration metric that maybe flows through the industry. Does that in any way, shape, or form, worry you up?

**Michael J. Angelakis, Vice Chairman & Chief Financial Officer**

I don't really worry about that right now. If you think about our Broadband business, I'm more looking that as an opportunity. I mean from our Broadband business, we have 37% penetration. So I'm sure you have a perspective on where you think broadband will ultimately go from a market penetration is probably in the high-60%, 70% today. We see no reason why that number shouldn't be 75%, 80%, 85%. And we think with our investment in our broadband network, we should get a disproportionate share of that increase.

So I think we're competing incredibly well against sort of DSL and other competitors. And I think we're also looking at how we can penetrate more in terms of the growing share. And we're pretty optimistic about it. You took the words out of my mouth. Last seven years, we've put on over 1 million customers. The same time, we've raised ARPU because we've increased speeds like 11 times out of 11 years, and our goal is to continue to do that. Interestingly, about a third of our customer base, and it's 20 million customers, a third of our customer base takes a 50-meg product right now and we've increased that speed, and I think you'll continue to see us do that. So it's a terrific business for us. We're going to continue to sort of keep the momentum within that business.

**Jason S. Armstrong, Analyst, Goldman Sachs & Co.**

Okay. And when you think about the subscriber momentum relative to pricing, we've all sort of do our best to backend the broadband ARPU and how quickly it's growing. And to be fair, it's sort of low single digits. It seems like maybe there's some pricing you're leaving on the table, at the same time the volumes are great. So how do you balance the two?

**Michael J. Angelakis, Vice Chairman & Chief Financial Officer**

Yeah. I wouldn't get too caught up in that because I think that we are absolutely trying to think about how we continue to improve the product, and we can talk about Wi-Fi as well, but continue to improve the product and obviously grow market share. Now an interesting stat, which I mentioned is 44% of our customers take all three services. And 77% of our customers take two services, primarily video and data. So really, when you think about revenue and revenue growth and pricing at least from our standpoint, we're looking at it from a customer relationship, what is our yield. It's not particularly how much was our video revenue increase or how much was our high-speed data increase because when they're in a bundle or some of them are promotional, it's really more about yield because it's awfully hard to sort of figure that out.

So but when you do dissect it, like you have, we have grown ARPU sort of 3% per annum and we've grown our revenue base between 9% and 10% on the top line, and we continue to grow customers. And that's a trajectory that we're proud of and we want to try to continue.

**Jason S. Armstrong, Analyst, Goldman Sachs & Co.**

Okay. Maybe switching gears to business services, which you mentioned obviously is a huge opportunity. Relative to your penetration now and where the opportunity is, for instance, Time Warner Cable this morning talked about doubling that business in the next four years to five years. You sit here through higher growth rates right now. So what's sort of the opportunity for you in small business and then I guess, in the medium size?

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**Michael J. Angelakis, Vice Chairman & Chief Financial Officer**

In the medium size? This is an enormous opportunity for our company. We've invested about $2.5 billion over the last five years in building the Business Services business, and today we have $3.2 billion run rate business through accretive margins. We have meaningful free cash flow and we have, give or take, 10% to 12% market share. And we do divide this business into two categories. We divide it into the small side, which is businesses that have less than 20 employees; and then we have the medium size, which is larger businesses. When the business started five years, six years ago, we actually focused on the small side of the business and that has now grown really nicely. We are in very much execution mode.

We think that particular business is around, give or take, $12 billion a market and it represents about 85% of our $3.2 billion. That's still growing in the 20%s. And for us, it's really about execution, it boots on the street, and we've made major investment in the product. If you go back to the product, we're selling video in dentists and doctors' offices or other offices. We're selling 25 megabits, 50 megabits in businesses that are competing against DSL; and we're selling sort of unified VoIP services compared to pods. So we think we're doing a terrific job, and the team on our business services is very focused on growing that business.

The medium-sized business, over the last two years or so, we've made all the capital investments across our entire network to have Metro Ethernet available there. That now is about 15% of our $3.2 billion, and it's growing in the 50%s. And it's a little bit of a more complicated sale. You're dealing with sometimes IT managers versus office managers, but we're very optimistic and we're competing primarily against Tier 1 lines, and we're offering 1 gig or 10 gig depending on what the customer wants.

So we are investing in that business pretty heavily and when we look at over the next three years, four years, five years, we have pretty strong expectations where we think again revenue, operating cash flow, free cash flow grow in that business. And if you think about our $3.2 billion of revenue, the small size, as I said, is probably 12.5% and the medium size is probably somewhere around 12.5% to 15%. So we have a lot of room to grow in there.

**Jason S. Armstrong, Analyst, Goldman Sachs & Co.**

Great. I think based on recent trends; people obviously trust the revenue opportunity in the space and a huge amount of penetration ahead of you. I guess, one of the lingering questions just is what the next wave of growth looks like? And when you talk about the first wave being so accretive, people sort of think low-hanging fruit should be accretive. The next wave, you sort of – you mentioned it. It's increased complexity in terms of who you're dealing with. Can it be as accretive to this business as sort of the first wave?

**Michael J. Angelakis, Vice Chairman & Chief Financial Officer**

I think it can. I think that as we look at over a multiple number of years, I'm not sure we're operating at optimal scale right now. So the $3.2 billion business, 85% of it is on the small and 15% is in the medium size, and we still have accretive margins over that whole enterprise. To me, as I think we build more scale in that business, our margins are going to improve. So I'm pretty optimistic that we can execute that, and part of it is we have the product set that's competing against and we have a lot of customer relationships. And by the way, we've done a terrific job of servicing that customer base with a really sort of world-class mentality in terms of phones can't be down, a very different mindset in terms of how we service both the small and medium-sized business. And the team, Bill

Stemper and team have done a great job of changing really everything from provisioning to technology to customer service to install. And it's really very much in execution mode.

**Jason S. Armstrong, Analyst, Goldman Sachs & Co.**

Okay. Maybe let's switch gears to XFINITY Home, your Home Security, Home Automation business. I think when this was initially launched from industry players, it's just thought of as a challenge in the life of ADP in Home Security and then Automation sort of tagged along. But it almost seems like the opportunity may potentially be more in Home Automation given the scope. Can you maybe help us think through this?

**Michael J. Angelakis, Vice Chairman & Chief Financial Officer**

Yeah. I think that listen the Security business is a really interesting business, and we're going to continue to pursue that business. And XFINITY Home provides a terrific security platform. I have it in my home. Family is very pleased with it. It is clearly unique from a platform standpoint in terms of ability to use mobility, and so forth. So we're going to continue to pursue that, and everyone is quite optimistic that this is a great product and we should penetrate more.

I think there is a element, and we've designed a product we just launched that isn't the security monitoring part. It has more to do with energy management. It has more to do with how you're managing your home, if you do have – you can't, it's all either on a tablet or on a PDA. You can actually look at it differently where it's not monitored by a security service, it's almost self-monitored by you. Somebody opens a door, you get a text. You want to shut off the light, you want to turn on the light, you want to deal with your HVAC; you can do those kinds of things.

So I think this is the beginnings, and we're spending some time on how people manage their digital home. And if you think about our suite of services, video, X1, X2, how we think about VOD, how we think about TV Everywhere, inside, outside the house, tablet, mobile phone, online, how we think about cloud-based infrastructure, how we think about Wi-Fi in the home, outside the home; I think this fits really nicely in from a platform perspective of how eventually we'll move more to the digital home. And the goal for us has really been to leverage our network and leverage our customer relationships, so I think this fits really well into it.

A couple of steps that I was sharing with some folks in our one-on-ones is, almost half of our XFINITY Home customers are new relationships to Comcast. And the majority of those new relationships are taking all four services from us. So that's to me, it's early, but directionally really positive. So we're spending quite a bit of time on that.

**Jason S. Armstrong, Analyst, Goldman Sachs & Co.**

Great. Let's switch gears to content and on the cost side, so I'm going to ask you to keep the cable head on. You've over indexed relative to the industry, which has been interesting. For the last probably three years, I think you've been higher than the industry average in terms of programming and content cost growth per sub. Yeah, you're the scale player, right. And so to me, it either suggests you had a whole bunch of stuff you're going to come and get once you're trying to link from the contract cycles, maybe all the above. But I guess people are wondering when, does this suggest that we're at a point where we should be almost past this cycle and you've got all the big deals locked in and we can get back to moderating programming cost growth?

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**Michael J. Angelakis, Vice Chairman & Chief Financial Officer**

So I wouldn't want to misrepresent that. I think it is a combination of all of the above. We've had cycle issues, we have step-ups. We have escalating retransmission consent fees. We have increasing sports costs. We're well aware of all that, understand all that. But we've also been very proactive in going out and saying we want lots of currencies in bankable season. We want lots of library. We want S-Pod rights. We want tablet rights. We want PDA rights. We want things in the home, outside the home, we want more VOD. And obviously that comes at a cost. So we are going longer term. We now, I think, have more content rights than anybody. That's data use where we have 400 million VOD views every month. That content is terrific content.

So part of it is a nature of the beast in terms of we have contract renewals, we have retransmission consent, those are just part of renewal process. And part of it is us proactively going out and saying, we want more and more rights. So we can provide a multiplatform experience, and we realized that cost money.

So overall, programming costs are a challenge, a real challenge. I think we're trying hard to keep them as low as possible, but get as many rights as we possibly can. And over time, as I think we've said before, I think we can manage the Cable business and absorb those rights costs with pretty flat margins. And our margins are highest in the industry. So I think it's a bit of doing multiple things at the same time, but we feel really good with what our content rights look like. We feel really good with how we're utilizing them on multiple platforms and applications. And at the same time, yes, we're absorbing some of those, but I think we'll manage through that.

**Jason S. Armstrong, Analyst, Goldman Sachs & Co.**

And if you think about sort of holistically where you want the right portfolio to be, is there a percentage you can give us in terms of aggregating to that?

**Michael J. Angelakis, Vice Chairman & Chief Financial Officer**

Yeah, we want it all. No, I'm kidding. We really want to provide our customers the best video experience so that if they want to watch a TV show, a movie, a documentary, they don't have to go to any other platform, but a Comcast platform. So – and if they want to watch it in their bed with a tablet, they want to watch it while they're in a hotel room in New York City, they want to watch it online at home, we want to provide that ubiquitous experience where they can do that. And it's a real goal for our company to aggregate as many rights as we can on as many different platforms to provide that customer with the best experience.

**Jason S. Armstrong, Analyst, Goldman Sachs & Co.**

You talked about flat margins, which has been impressive because you had flat margins.

**Michael J. Angelakis, Vice Chairman & Chief Financial Officer**

Stable is better than flat, I guess.

**Jason S. Armstrong, Analyst, Goldman Sachs & Co.**

Stable margins. Despite the elevated program and cost you face, what are the factors from here that might contribute to margin expansion?

**Michael J. Angelakis, Vice Chairman & Chief Financial Officer**

I wouldn't count on too much margin expansion. I know people like to talk about that, but we also play a lot of offense. And with offense comes us investing in new businesses like everything we just talked about with XFINITY Home, we just talked about the medium-sized business area. Those take OpEx-type investments whereas marketing a transformational brand with XFINITY and XFINITY now has a 40% higher favorability rate than it did three years ago. We made tremendous progress against our competitors' brands. All that takes investment, and we do use a lens, an investment lens. So from our standpoint, we have some real benefits, primarily product mix, more efficiency within the business, taking costs out. So within our cable organization, there are some real benefits to margin expansion. If you think about business services, high-speed data, advertising, phone, those are the positives. Efficiencies and cost takeouts, those are the positives. We have programming costs, marketing investment in new areas.

So it's a little bit of a balance, but as I said a few minutes ago, I think we are pretty comfortable with sort of stable margins and still playing a lot of offense, whether it's on garnering more rights or whether it's on investing in new areas of growth for us.

**Jason S. Armstrong, Analyst, Goldman Sachs & Co.**

Okay, great. Let's switch gears to the NBC side. You've talked in the sort of holistic umbrella comment around the entitlement gap, which encompasses cable, encompasses broadcast. A lot of us sort of understand the potential opportunity, but maybe struggle with the timeline to get there. Are there sort of stair steps in the process that we might see?

**Michael J. Angelakis, Vice Chairman & Chief Financial Officer**

Yeah, I mean, I tend to call it the monetization gap. I think Steve calls it the entitlement gap. So I think the way we look at is really two major components. One is, what we get paid from distributors for the content that we've created, whether that falls into retransmission consent, whether it falls into reverse comp, whether it falls into cable affiliate fees. And obviously, from a affiliate sales standpoint, our team sells all those basically as one group. We have one group that manages all that.

The second side is really from an advertising and a CPM standpoint. So, on the first part, with regard to the broadcast network just toward a couple numbers so people understand the trajectory. In 2011, really the first year that we operated NBCUniversal, we generated $4 million of retransmission consent. That number went to $40 million, and now it's around $200 million. And frankly, we're still laggard compared to some of our peers whether they'd be some of the other broadcasts. But we know that we want to get mark-to-market at some point as contracts renew and there's pretty good line of sight in terms of how one would mark that to market. So we look at that as a real opportunity.

On the cable programming side, there's some similarities where again, we think we're providing great services. USA has been the number one cable channel for five years. CNBC, MSNBC terrific channels when you compare them to some of the other sort of news organizations on the cable

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slide, Bravo has done really well, Sci-Fi has done really well and so forth. And I think our goal overtime is to monetize them a little bit better and to close some of that monetization gap we may have with channels that have some similar genres, maybe even less, maybe a little more ratings depending who we're talking about.

And one of the goals of the NBCUniversal organization is to over time, both on the retrans side and on the cable affiliation is to close that monetization gap. That will take years. I think we've been very clear that it's going to take us time to do that. It doesn't happen in one year or one quarter. That take multiple years for us to secure that additional revenue, but you feel pretty good about it. You think that we're executing well against it, and folks feel pretty good.

Now you go to the advertising side, which again has some similarities. The broadcast network was in fourth place for 10 years and moved up to number three, I think we can make an argument it's actually the number two rated network right now. And along with that comes what we think should be CPM increases, we had a very good upfront, some similarities with cable where some of the channels are doing really well and there's some deltas with regard to CPMs that we're trying to close. So on both sides of that equation, we're working really hard to close those monetization gaps, where we think that we've been sort of underweight given what we're producing, whether it's on the broadcast side or whether it's on the cable side. So, it's a big priority for the organization, and I think we'll pursue it pretty aggressively over the next three years, four years or so.

**Jason S. Armstrong, Analyst, Goldman Sachs & Co.**

Great. Let me ask one on leverage and then we'll turn it over to some audience questions. Post the NBC buy-in, you talked about sort of a new leverage ratio framework moving into that target ratio over the course of time. I guess a couple of questions related to that. The first is, should we think of this as a commitment to numerator and denominator you – total leverage moving down, EBITDA growing and that's how you're growing this ratio, or you're instead comfortable with leverage where it is and EBITDA growth in this ratio?

**Michael J. Angelakis, Vice Chairman & Chief Financial Officer**

It's a little bit of both, so I don't want to be so precise. But I think that you can obviously, if we say that the leverage will come down over time – the leverage ratio will come down over time; for the most part, you're going to see EBITDA grow and maybe there'll be some modest de-levering in terms of absolute dollars. But from our standpoint, this is a multi-year focus for us. We don't want to change our trajectory on return to capital. We've done really nice with how we've increased the dividend over the last three years, four years; five years since 2008. We've been buying back stock. I think you continue to see us do that. So we do think we can multitask here. We can modestly de-lever over time, we can provide a nice yield and return on dividend, we can buy back stock and hopefully provide the shareholders with a really substantial operating performance as well, that's – I don't want to lose sight of how critically important that is for us.

**Jason S. Armstrong, Analyst, Goldman Sachs & Co.**

Okay. And I guess that the follow-on question is, how linear do you want this path to be? And the root of the question is that if the right opportunity came along to do something strategic that may pump up the ratio for a period of time, but then you could be committed afterwards, is that something you'd engage in?

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**Michael J. Angelakis, Vice Chairman & Chief Financial Officer**

It would have to be financially exceptional for us to think about that. I mean, we just did NBC and people forget, we actually just bought the last part of NBCUniversal literally like six months ago. So I think we're still trying to make sure that we've got everything going really well there, and it feels quite good now. I mean – but I don't know, I think we're on the right path where we want to be.

**Jason S. Armstrong, Analyst, Goldman Sachs & Co.**

Okay. Great. Do we have any questions from the audience? If you've a question, raise your hand. There's one back here. If you can wait for a mic, that'd be great.

## QUESTION AND ANSWER SECTION

**<Q>:** Thanks. How do you see the evolution of your theatrical film business going forward, and what's your strategy for maintaining profits in that area, keeping people going to the movies?

**<A – Michael Angelakis – Comcast Corp.>:** Make sure I understand the question, our view on the theatrical film business?

**<Q>:** Theatrical films, yeah.

**<A – Michael Angelakis – Comcast Corp.>:** It has some challenges obviously, losing DVDs in terms of what that revenue source has been and the profitability of that has created what I would consider to be some structural challenges. We're trying to work through that with regards how we craft a slate or construction of that slate. Obviously, we're doing much more on animation with Illumination. We're doing more with some sequels like Fast 6 earlier this year.

So for us, recognizing that there's some issues around really the deterioration of DVD revenues, it's how do we sort of build a slate that we think has a modest risk component, has appropriate upside and hopefully, some limited downside. And I think we've actually done well this year with that. I think I've got my numbers right. But last year, if you looked at year-to-date, I think we lost about $70-odd million in the Film business, and this year year-to-date I think we're up about $100 million or so cash flow, if I got that right.

So we're trying to make progress there. Obviously it has its own challenges. We just brought in a new CEO, Jeff Shell, who worked for Comcast for a number of years is over in the International for NBCUniversal. International obviously is a much bigger component now of the Film business. So I think Jeff is a terrific executive, and I think will change some things and look at some of those challenges and how we approach it. But we really want to run a pretty profitable film studio.

**<Q – Jason Armstrong – Goldman Sachs & Co.>:** Another question back here.

**<Q>:** I was talking to one of your larger TV affiliates with – NBC affiliates, and they said they're currently not paying anything yet for affiliate fees to the network. So I'm just curious if you give us a sense of like what percentage of your non-owned affiliates are paying fees and how much of an opportunity that is going forward?

**<A – Michael Angelakis – Comcast Corp.>:** Well, when I think about retransmission consent that includes the fees that we would garner from affiliates. So I think over the time, we're going to reach agreements as affiliate contracts come up where I think we're going to garner a meaningful percentage of retransmission consent, no different than some other folks are doing.

So that goes back to Jason's point of timing of some of this. And we've renewed a number of affiliate relation – affiliate agreements on the network side, where we are now half what I would consider to be a more market situation where we are sharing in some of that retransmission consent revenue. So we're out buying, we just out buying the Olympics, we're buying a whole variety of product for NBCUniversal. And if you look at just even last night we have The Voice open last night and then Blacklist. We're trying to really enhance the value that network to the benefit of the affiliates. And I think all we're asking for is pretty similar to what other broadcast networks are.

**<Q – Jason Armstrong – Goldman Sachs & Co.>:** Any other questions? No one down here. Please wait for a mic.

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**<Q>:** How do you think about TV Everywhere and where do you see the greatest opportunities or risks for your business both as a cable operator and as a developer of media content TV Everywhere?

**<A – Michael Angelakis – Comcast Corp.>:** Yes. I think there's a natural partnership for TV Everywhere for both what I would call the cable distributor, as well as the content provider. So given our unique position with NBCUniversal and Comcast Cable, we really look at TV Everywhere as a benefit to both sides of the house. It enhances the customers experience from a cable distribution side, someone who is paying a monthly video fee to us for their ability, like I mentioned, to access TV Everywhere across different platforms, we think is really important. In addition, from a content owner, to have customers be thrilled and excited to watch that content not just in one platform. We think really ultimately enhances the value of the content as well, and ultimately advertising, if you're thinking about that next step.

So there is no doubt in my mind that TV Everywhere is really a beneficial component to both the distribution side and content side, and we're big believers in it. And we're continuing to do more and more and more with TV Everywhere, and having people utilize that service.

**<Q – Jason Armstrong – Goldman Sachs & Co.>:** The one back here.

**<Q>:** Hi, right here.

**<A – Michael Angelakis – Comcast Corp.>:** Sorry, sorry.

**<Q>:** Can you give us more exclusive details on your ambitions for Spanish language. I guess balancing the act between you and the other major player; you've made some hiring decisions from them. Just how big and meaningful do you think this can be to overall Comcast?

**<A – Michael Angelakis – Comcast Corp.>:** So what I think you're asking is we own Telemundo. And Telemundo we think has a terrific reach done relatively well over the last couple of years, since we've owned it in terms of ratings. And we have one large competitor primarily Univision, that's what I think your question is. So we have hired Joe Uva. Marlene Dooner, who is sitting right here, who's head of IR, is actually moving couple of months. Marlene, sorry to point you out, but I'll embarrass you. And she'll be going over to Telemundo. So we look at it as a very substantial opportunity. We're investing in a whole variety of programming around Telemundo, and if you look at just even our ratings, we're doing better and better. We just invested, I want to say, it was – I forget exactly when but sometime last year with future World Cup rights. So from a sports side and a news side. So there is a opportunity set that we are working through, and we have changed some management to pursue that. So we're excited, we've got a lot of work to do. Univision is a terrific competitor, but we really do look at it as an opportunity and that market is very attractive to us.

**<Q – Jason Armstrong – Goldman Sachs & Co.>:** Maybe I'll wrap up with just one last question. It's sort of going back to your comment around, if you did anything, you'd have to find some sort of exceptional value.

**<A – Michael Angelakis – Comcast Corp.>:** Are we going to go back to that question?

**<Q – Jason Armstrong – Goldman Sachs & Co.>:** We're going back, one last time. And the reason I go back to it is, is the cable industry is sort of caught up in this enthusiasm for consolidation at this point. A lot of people sort of beating on programming costs and saying this is the only we fight it. I look at you and see your revenue performance, the operating metrics, the type of things you have out there that ultimately you could license to other companies, so a technology leadership...

**<A – Michael Angelakis – Comcast Corp.>:** We didn't even talk about that.

**<Q – Jason Armstrong – Goldman Sachs & Co.>:** Feel free to answer that way. A rate card could be beneficial across a lot of assets, a balance sheet that provides you probably the best ability to refi target. I mean it just seems like you could have very, very accretive opportunities in cable consolidation at this point, I'm wondering why you're not part of this conversation?

**<A – Michael Angelakis – Comcast Corp.>:** I think from our standpoint is, a lot of the conversation has been about scale and the benefits of scale. We're already at 22 million video customers. We actually think we have meaningful scale on the distribution side, and we also think we have meaningful scale on the content side. We don't particularly believe that adding a couple million more customers to our footprint is going to change dynamics around content costs.

By the way, on the technology side, we want to be collaborative with other cable operators on whole variety of different services. So I think to answer your question, do we love the Cable business? We love the Cable business. Do we think that – would we be interested in something that had a really terrific financial return for us? Sure. We would absolutely look at that, but we haven't quite seen that. I mean, prices for this is going back prior to some of this push is have been pretty high and we prefer to buy our stock and we prefer to do other things.

So I think it's a financial decision in terms of getting larger. We think we have scale. I think people who are talking about it are looking for the benefits of scale whether it be on the programming side or the technology side, and I think we've already executed on that.

**Jason S. Armstrong, Analyst, Goldman Sachs & Co.**

Great. Well, Michael, thank you so much for joining us.

**Michael J. Angelakis, Vice Chairman & Chief Financial Officer**

Okay. Thanks.

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