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## CORPORATE PARTICIPANTS

**David N. Watson** *Comcast Corporation - President & CEO of Comcast Cable*

## CONFERENCE CALL PARTICIPANTS

**Craig Eder Moffett** *MoffettNathanson LLC - Co-Founder, Founding Partner & Senior Research Analyst*

## PRESENTATION

**Craig Eder Moffett** - *MoffettNathanson LLC - Co-Founder, Founding Partner & Senior Research Analyst*

Good morning, everybody. Thank you for joining us today for the 8th Annual MoffettNathanson Media and Communications Summit. Good afternoon to our clients in London and on the continent. I'm really excited about the next 2 days and really excited about our first session today with Dave Watson, the President and CEO of Comcast Cable.

Dave, this is your fourth year joining the MoffettNathanson Summit. We're delighted to have you back. So thank you for being here.

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**David N. Watson** - *Comcast Corporation - President & CEO of Comcast Cable*

Great to be with you, Craig. You got it.

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## QUESTIONS AND ANSWERS

**Craig Eder Moffett** - *MoffettNathanson LLC - Co-Founder, Founding Partner & Senior Research Analyst*

Dave, I'm going to start with what I think is the top-of-mind issue for almost all Comcast and cable investors more broadly, and that is the growth that you saw in broadband in 2020. It was a record year for Comcast in broadband growth. And there's a broad consensus, I think, that a lot of that was necessarily a pull forward and that it almost certainly means that you'll see a significant slowdown in growth in 2021 and going forward. Do you agree with that premise? And can you talk about kind of how you see the setup for 2021 and beyond?

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**David N. Watson** - *Comcast Corporation - President & CEO of Comcast Cable*

Well, I certainly agree that 2020 was extraordinary for all the unique reasons that we've been going through. Having said that, if you go back prior to the pandemic, there was such good momentum that we had in regards to just healthy competition on the front-end -- connects, increasingly lower churn, good balance performance across the year. So when you look at all of those things, yes, 2020 was extraordinary, but when we compare, and I think the right comparison is mid-single digits to 2019 growth that we'll have. And remember, 2019 was a pretty exceptional year, too. It's one of the best growth years we've had in over a decade.

And the fundamentals are there in terms of a growing market, healthy competition, a great product position. We've been investing consistently for a long period of time. So widely deployed 1.2 gigahertz across the footprint. Expanding the category to include many other futures surrounding broadband with a lot of options for customers. So when you add all those things up, we really like our momentum. The start to the year was very good, 461,000 broadband additions for Q1 and all tied to those trends that I mentioned, Craig. So the lower churn, healthy competition continues. So we're excited about the start of the year, but I think the right comparison is what I mentioned.

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**Craig Eder Moffett** - *MoffettNathanson LLC - Co-Founder, Founding Partner & Senior Research Analyst*

So there's obviously a lot of attention being paid now to expanded fiber builds, not just from the large players like AT&T, but from some of the smaller telcos, so more overbuilding from fiber; concerns about expansion of fixed wireless broadband access, even LEO satellites. Can you talk a little bit about what your expectations are for the competitive environment going forward? And are there any of those technologies or individual companies that are particularly on your radar screen that you're watching especially carefully?

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**David N. Watson** - *Comcast Corporation - President & CEO of Comcast Cable*

Well, we've been competing for a long time against a variety of competitors and had success against really all the different kinds of competition. So you develop playbooks, you compete vigorously against all of them. And so you look at the -- going back, we've added over 1 million broadband customers every year for 15 years now in a row and adding record numbers of customer relationships throughout it. And at the same time, we now have just over 40% of our footprint that's been overbuilt through fiber competition. So we don't take anything for granted. We take all of it seriously. Everything from MDU competitors to fiber overbuild, fixed broadband, you name it, it's a very competitive environment. And by the way, in some of those areas that I mentioned, dense population areas, there's not just one, there's multiple competitors.

So you add to your playbook in terms of how you compete, and it starts with putting the best product in the marketplace on the field and a great network and having a variety of options. I think one of the things that sometimes has missed, yes, we have 1.2 in a ubiquitous way deployed, all of our products, most of our customer -- vast majority of our customers are 200 megabits and above. But we have a wide variety of options for customers, and we'll compete in every segment that we go up against. So I think that, again, we're not dismissive at all of competition. We take it very seriously. I think it makes us better. But we like our product position. We like our competitive position even in a very competitive environment.

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**Craig Eder Moffett** - *MoffettNathanson LLC - Co-Founder, Founding Partner & Senior Research Analyst*

You mentioned you already have 1.2. Talk about, if you would, the physical plan and your plans for the physical plan and how you think about staying ahead of competitors. And maybe in particular, what's the road map to DOCSIS 4.0? What kind of time line are we talking about? And what does it -- what does the rollout of 4.0 really entail? Operationally, what does it require?

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**David N. Watson** - *Comcast Corporation - President & CEO of Comcast Cable*

Well, it starts -- backing up for a second, it starts with a really flexible architecture that we have with cable. Combination of building fiber deeper into the network, which we've been doing consistently. So the last decade, I think we've invested over $30 billion. So there's been a very consistent cadence and a lot of options that we have in how we manage spectrum between the plant architecture, the node sizes, all of that. And as you mentioned, Craig, being on the DOCSIS architecture is very robust. And we have 3.1 right now, growing to 4.0 capabilities. And so we've tested multi gig, doing that in live testing. Just tested in the lab environment, the 4.0. So there's a lot of opportunities to grow from our existing position, but our existing position is, I think, a very good one.

If you go to the pandemic, the hardest 4 months that we faced when everybody went home, seemingly just all at once, our network experienced about 2 years' worth of traffic increase within a 4-month period, and it stood up to that moment. And so it didn't mean we didn't have to hustle, we did. Our team was great and going and making sure we're staying ahead of capacity. But it just shows how robust the cable infrastructure is in comparison to different parts of the international community. You feel good and you feel really good about the network performance in terms of asymmetric performance where the applications going from video streaming to gaming to video to conferencing, all those applications we're able to handle and staying well ahead of capacity.

So right now, I think we're in a great position with 3.1. We'll continue to have that develop, and we've deployed it already. And the keys to us will be continuous speed increases. We don't sit still. We constantly focus on that. I think the other side of that is making sure WiFi follows. The performance within the home and in the business is just crucial. And you have to have great coverage. And so we'll continue to surround broadband with these capabilities. And 4.0 is a great opportunity for us to add on to it over time, and you can do it through success-based means. And so whether it's the devices themselves. If you look at capacity, we want to be in position to have the DOCSIS 4.0 be ready for it.

So I think multi gig is critical. So the downstream side, we're not going to stop there either. So today, as I mentioned, we have the 1.2, but we're going to continue to test for multi gig. And we're going to constantly add both downstream and upstream capability, staying ahead of every application that is out there. I think broadband compared to wireless, compared to the other forms of competition today and tomorrow, I think we're well positioned. And 4.0 just gives us a great option down the road.

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**Craig Eder Moffett** - *MoffettNathanson LLC - Co-Founder, Founding Partner & Senior Research Analyst*

What's the time line? When do you think we'll see 4.0? Is it 2025? Is it 2024? Later than that?

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**David N. Watson** - *Comcast Corporation - President & CEO of Comcast Cable*

I think it's -- you go out -- certainly several years out, but we'll be in position to deploy it when we need it. And so that's the key. And we've always -- I think that our history shows that we're prepared where the market is. And so watching competition closely, watching where the customer is in terms of usage and engagement. From a broadband provider's perspective, we want to make sure that every great application is entered into the marketplace, that we can take care of customers' needs and we're ahead of the curve. So that's the key. So it' probably 4.0 a couple of years out, but we're not going to stop because of just how robust 3.1 is, going after multi gig, constantly adding to upstream. And so keeping the advantage to broadband.

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**Craig Eder Moffett** - *MoffettNathanson LLC - Co-Founder, Founding Partner & Senior Research Analyst*

So Dave, one of the -- let's come back into nearer term for a minute. One of the potential drivers of broadband this year and next and maybe longer than that is the stimulus. The -- in fact, today, I think, is the day that the -- we start taking applications for the Emergency Broadband Benefit or the EBB program, and that was in the CARES Act. There's, what, $3.2 billion there. We're starting to work on the E-Rate program, which is another $7 billion for connectivity. How do you think about -- first, can you talk about your operational readiness to take orders for those and how you make sure that your potential customers for those programs know that they're there and are ready to sign up for them? And then can you just talk about what kind of impact that could have on the business? Have you tried to size it at all for how many applications you think you might get? How big it could be?

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**David N. Watson** - *Comcast Corporation - President & CEO of Comcast Cable*

Well, we've been staying close to it, Craig. This has been an important initiative. We already -- we've had a long, great history, I think, of Internet Essentials, over celebrating a decade of providing services to families that really need it affordable low -- for low-income families. So we're aware of what was being developed. It wasn't the longest time frame to get prepared for it, but we are prepared and worked very hard. The team worked around the clock, had good guidance and support from the FCC, the USAC also together on this. So it's clear what we needed to do. And I think the difference here with EBB is making sure that we make it available across our entire footprint and across all of our tiers of broadband service. So if customers want to do that, they can.

I think to your question of the impact to the overall business because we've had, I think, great success in providing a real leadership role, one of the first ones out -- I think we first went out doing this a decade ago. We have a really robust service, just doubled the speeds for Internet Essentials to 50 down, 5 up. So -- but if customers want to take advantage of the subsidies and EBB, it's a great alternative. So we'll be there for them. I don't think it's a material shift in terms of our performance that we have because we have so many customers that have taken advantage of $9.95 including a modem. So it's a really good service that we provide today. But we're prepared and excited about it and have the teams ready to take orders today. As you mentioned, today is the first day.

And in addition, you mentioned the connectivity fund, the ECF. And that one also is an opportunity. We're very focused on schools and libraries, making sure that they're connected. And going beyond that even, within the last year or so, we've developed a new program called Lift Zones that we're developing WiFi, take advantage of our business services team, advanced WiFi capability within these facilities. But we're going to work with the government in terms of this next round and making sure schools and libraries are connected as well. I think that's a good opportunity. We've been very focused on that as well. So both programs, we'll participate in and excited that today is the first day for EBB.

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**Craig Eder Moffett** - *MoffettNathanson LLC - Co-Founder, Founding Partner & Senior Research Analyst*

Dave, you mentioned the Essentials program that you've had for years. Do you think that the EBB replaces the Essentials program to some degree? And that customers who are today, getting a 50-megabit per second product for $10 would sign up for a $50 subsidized product at a much higher speed?

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**David N. Watson** - *Comcast Corporation - President & CEO of Comcast Cable*

Well, I don't think it's a material shift, Craig. I think that because it's such a good product that we do provide and been doing it for a while that I think we're satisfying a lot of families. So we've been doing this for a while. Over 5 million families have been connected over a long period of time. But there could be some, but I don't think it's material in terms of supplanting or replacing Internet Essentials. But certainly, a nice option for those that want to take advantage of it. So we'll participate, go to where the customer wants to go and be operationally ready to do that.

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**Craig Eder Moffett** - *MoffettNathanson LLC - Co-Founder, Founding Partner & Senior Research Analyst*

So Dave, there's a concern from some investors that the flip side of this is that some of this flirts with potential price regulation. The New York State, for example, in their budget actually mandates something similar to what you already offer in Essentials. But I know that, in particular, has already been challenged in court as to whether they have the authority to do that. But there is also talk about in the infrastructure bill whether that is a first step in the direction of getting more involved in pricing. Can you talk about your expectations for price regulatory risk and what you're hearing from your Washington team, for example?

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**David N. Watson** - *Comcast Corporation - President & CEO of Comcast Cable*

Our view has been pretty consistent on this. We -- no surprise, we feel that a light-touch regulatory approach towards a dynamic industry that we have, where we've constantly been investing and providing, I think, a terrific broadband experience for a wide range of customers. Again, lots of options that are in the marketplace from affordable programs for low-income families that we've been doing for a long period of time. So if it's the New York example, hopefully, people understand that $9.95 for a terrific broadband product has been available consistently. We've increased speeds over time. So I think that -- and you look at where we've been in terms of network performance across the board. And again, most of our customers are above the 200 megabits. We now have a ubiquitous deployment of 1.2. So the marketplace is working. We think this is dynamic. It's competitive. It's extremely competitive.

And I think you want to encourage the kind of investments that you've seen over time, but we'll continue to make the case that this kind of light-touch approach makes sense for this industry. So we're optimistic, and we'll continue to work with everyone. I think the affordable part of the story that we've talked about is key. And we have to -- we're going to be, again, very supportive of Internet Essentials, continue to do that. The subsidy initiative is important. We'll support that. And so we want to make sure as many Americans that need it, have it and that, that affordable side has been addressed, continues to be addressed.

I think the other side of this is making sure that we're there. If there's opportunities to build out, go after other -- the rural communities that need broadband, we want to be supportive in those programs as well. So I think on every side, I think we are in a good position. And hopefully, this light-touch approach makes a lot of sense. And we can be very supportive and will be in terms of new initiatives that continues to expand our capabilities to adjacent communities.

**Craig Eder Moffett** - *MoffettNathanson LLC - Co-Founder, Founding Partner & Senior Research Analyst*

So I want to talk about that for a second because that is perhaps one of the less appreciated forms of how you grow your business. You've taken your footprint growth rate or your homes passed growth rate to about 1.6%, I think. So you added 930,000 new homes passed in the last year. Is that part of a strategic initiative for you? How much can you actually accelerate that? Is it separate and apart from participating in an infrastructure plan or an RDOF type of thing? I'm -- just organically expanding at the edges of your footprint? Or is a lot of that just new household formation growth within the footprint of new developments and things like that?

**David N. Watson** - *Comcast Corporation - President & CEO of Comcast Cable*

It's a key point, Craig, that we've been focused on for a while. If you go back even further, you go back 3 years, we've added 2.5 million passings, both residential and commercial. And it really goes into 3 buckets. There's the residential component of housing growth within our footprint, always been. Ourselves, every operator, both cable, other competitors, has been very focused on that. The second area of growth in passings has been commercial. So we refer to it internally as hyper builds. But it's -- I think every single one of our properties that we serve and markets that we serve has activity in the commercial proactive build space. So we go after, it could be Philadelphia, it could be Seattle, you name the market, there's activity within the footprint.

And when you build-out in these often the office campuses, the office parks, then you have adjacent opportunities to even build out MDUs and other single-family homes that perhaps that you just haven't gotten to. So there's that. And then there's the last point that you brought up where there's adjacent communities where you can edge-out your plant and grow your plant to these communities, very focused on that. So I think there's a wide variety of options actually between household formation, continue to be very aggressive in getting there soon, the commercial proactive build in these edge-outs of communities.

Look for, I think, just more activity and obviously tied to stimulus opportunities, but we're going to be there in terms of growth opportunities for sure. I think the 2.5 million is a good road map, and we want to continue that over the next handful of years.

**Craig Eder Moffett** - *MoffettNathanson LLC - Co-Founder, Founding Partner & Senior Research Analyst*

And you get that penetration, particularly in new builds where it's generally not served by broadband today, over a period of, what, is it 5 years, 3 years that you get most of it? When do you sort of normalize market share in those markets?

**David N. Watson** - *Comcast Corporation - President & CEO of Comcast Cable*

Yes, it happens. If you're going to -- the keys going forward, these adjacent build-outs and you figure out how to get the plant optimized for that growth, typically is in that 3- to 5-year period. But we've become -- that's another playbook that I think we've gotten good at. So we have been -- we've increased the pace in terms of these adjacent opportunities. And so you go in fast, you offer the right suite of products, you go in best-in-class, and there's a good opportunity to grab share in the early stages, but then it grows over time.

**Craig Eder Moffett** - *MoffettNathanson LLC - Co-Founder, Founding Partner & Senior Research Analyst*

So Dave, I want to transition now to the video business. 5 years ago, we probably would have started with the video business. Your subscriber losses are now a little over 7%. That's now getting pretty close to the same as the industry overall. And you've clearly said that you're not going to continue to chase -- or not going to try to chase low-value customers with promotions just to keep them from leaving. I guess, with that perspective, is there a floor for your video business where -- we've postulated ourselves that it is a sports and news floor, but even that may -- is starting to be a question mark as to whether there is a floor there for that. What's your own long-term thinking about whether there is a floor for the video business?

**David N. Watson** - *Comcast Corporation - President & CEO of Comcast Cable*

Well, because of the host of reasons that are primarily tied to programming renewals, we've had a fair amount. And they go in cycles. We had a larger amount of renewals that happened going into '20 and then into this period of '21. There were rate increases that were elevated. So -- and we saw the video results that connected to that. So I think that elevated amount of video losses that we saw will continue. I don't see it abating materially from where we're at. Doesn't mean that we don't compete vigorously. And we have a good value proposition for multiple segments. So we still have, I think, a terrific product in X1. We'll continue to compete vigorously for the segment that wants a full package, and there's a lot to be said for that. And over time, you'll see how things play out in a very dynamic marketplace.

But as you said, and we've anticipated this shift for some time now and gone to a broadband-centric way of approaching the marketplace. So our goal is to go where the customer is and provide options to consumers. So we have X1. We also have Flex and Flex is an opportunity for the high-speed streaming segment that doesn't want the full package. They want to tie applications together, could be OTT and SVODs altogether, premiums. And so we're in a unique position, I think, in the video marketplace. And our goal is to -- with broadband at the center of all of this is to tie the right video package for the right segment. So having said that, there's still going to be pressure as the market continues to shift.

I think the best thing that I can say is that the numbers speak for themselves in terms of our overall results. If you look at our performance just coming off Q1, but it's been throughout '20, where we have record number of customer relationships that we've added. We have record performance in terms of broadband churn. Our EBITDA grew in Q1, 12%. And it is it just a very strong, consistent performance. And all of this was done as we did lose the 491,000 video relationships. So I think we have proven that we've made the shift. We can compete for the right customers. Flex, I think, is a really key platform for us long term that will add a lot of value in and of itself. And we will continue to surround broadband segments with the right solutions, including video.

So I think we continue -- and we have tons of options for customers. But we're not going to chase, as you said, on profitable video relationships in doing this.

**Craig Eder Moffett** - *MoffettNathanson LLC - Co-Founder, Founding Partner & Senior Research Analyst*

So I'm going to come back to Flex in just a second, but I just -- you talked about some of the step-ups that you had going into '20 from your programming partners and some of them still flowing through now. What's your mindset as you go into a programming negotiation today? You've guided to high single-digit cost increases for this year. What are your priorities when you go into a negotiation for a renewal with particularly cable net but even a broadcast group for whether it's price, whether it's the amount of content that they are putting over their alternative DTC platforms and that sort of thing? How does all that inform your negotiating position?

**David N. Watson** - *Comcast Corporation - President & CEO of Comcast Cable*

Well, it starts with the position. We'll aggressively negotiate our position, and we've done that consistently. And I think we're a valuable partner to all of the content providers in the community for a host of reasons that we have, strong overall relationships that exist today. And we provide a lot of options to the content providers. Those legacy ways of delivering strong, linear, on-demand capabilities to the app. So we can be a terrific partner to help transition in this very dynamic marketplace. But from our perspective, we're going to be mindful and make sure everyone understands, including those we're negotiating with, depending on how they're going to market with their content portfolio, it matters. It matters to the customer. It matters to the distributor.

So if they're making content widely available through an app, whether it's SVOD or over-the-top, yes, we're going to make sure everyone understands that. And we can be a great partner in helping them transition, but it doesn't mean you overpay during the transition for your existing relationship. So I think the -- one of the things that's coming out of this, Craig, is that as we evaluate this, it probably points towards aggressively negotiating your position, being mindful of the overall content strategy from the content provider's perspective, but the terms that we're negotiating probably going to be a bit shorter just because change is so dynamic. So we won't -- we're more focused on shorter-term relationships, just making sure we have that right.

**Craig Eder Moffett** - *MoffettNathanson LLC - Co-Founder, Founding Partner & Senior Research Analyst*

I want to go back to Flex because you mentioned, Flex. It's only about 1.5-year old product, I think. You've got 3 million customers today. And to a lot of people, it looks a lot like a sort of Roku-type of product with the same potential advertising opportunities. Do you always expect it to be a free add-on for your broadband service as a way to sort of lower broadband churn? Or is there an expectation that you sort of turn it into something closer to an almost freestanding business, charging for it separately and really sort of spotlighting it as a separate value opportunity?

**David N. Watson** - *Comcast Corporation - President & CEO of Comcast Cable*

Well, we are in a unique position. Because of our long-term investment in X1, we're able to roll this out and provide a really great value to the broadband customer. And it's working. So actually from the 3 million you mentioned, we're at 3.5 million now that we've deployed. We have about half -- just about half of those customers that are regular, active users of the platform, and I think there is an opportunity to grow that. And so there's really good traction. And to the broadband churn impact point, it's working. We see 15% to 20% improvement already against a really good broadband churn performance. So we think this is really making a difference for the segment that values it. And when you look at the experience of Flex, there's a difference in that.

And we respect this is another form of competition that's out there. There are great platforms that are out there, whether it's Roku or other platforms, but I think we are different in that we're taking the best of X1, making it available. So you can go to the metadata, the actual program asset and through great voice search capability, you can call up whether you want to go to Netflix, Peacock, Disney, we have all of the applications, HBO Max, we have them all available. The applications that drive the vast majority of streaming consumption, we now have available on Flex and X1 at this point. So the ability to find the show that you want fast, really fast and effectively is key. So while others have some voice capability, there's a difference between great voice search capability, and that's what we have. So yes, 4K, that we have. So Flex is really, I think, a great platform.

And the second part, to your question about the longer-term approach towards Flex, we treat it as a platform. And what we've seen through other operators, and we respect where they're coming from, because we have about $2 of average revenue per account of active users of Flex. And that's coming just from things like pay-per-view, video-on-demand and rev shares from the streaming apps that we participate in when we sell, we get a percentage of revenue from that. That does not account for any advertising capability, and we're very focused on that, too. So our team, our advanced technology team at Effectv and Freewheel, extremely focused on helping us deploy capabilities of advanced advertising through Flex. So we think that will be additive to it over time.

So -- but we're pleased with the early start, the $2 revenue per account, and that's just on what I've mentioned. So we think it's a great platform. Very focused on within footprint because of the value that we're bringing to broadband customers. And it's just a great example of surrounding broadband with this kind of capability, I think it just makes it a unique proposition going back to the broadband point in that we keep adding to the portfolio of features and functionality of what the broadband customer is asking for. And whether it's speed, whether it's coverage, whether it's control, streaming, now mobile, this is another one. You keep adding to the experience that the broadband customers have. And Flex I think is a unique thing that we can do. So we're very excited about this as an additive part of broadband, but a unique platform in and of itself.

**Craig Eder Moffett** - *MoffettNathanson LLC - Co-Founder, Founding Partner & Senior Research Analyst*

You mentioned that you're focused in-footprint. When you think about out of footprint for Flex, is that licensing it to other MSOs? Or is there a scenario where you'd potentially take it to retail and market it directly to customers?

**David N. Watson** - *Comcast Corporation - President & CEO of Comcast Cable*

It's potentially all of the above. And that we do today, we have great partners like Cox, the Canadian operators. And so we continue to expand the relationship with them. They're terrific partners. And giving them a road map towards Flex capability is, absolutely, something we're very focused on. So that's one path. I think to your point, though, and we've mentioned this before, but if you think about Flex, today, we deliver it to a customer through a very small advanced device, and our Xi devices that are 4K capable. And so -- but over time, it's essentially a software solution. And we're looking at and testing and talking to potential partners down the road that if you're focusing on smart TVs and having a position, others have done it, it's absolutely doable to figure out how to get an advanced software stack into a smart TV, and then you talk to great retailers that are out there and other partners. It is possible to go beyond the footprint.

So we'll take a look at how things evolve. But we want to be in position if that is a great opportunity to do it with ourselves, other partners, we'll see. In our footprint today, though, is a great opportunity to continue to expand broadband and treat it as a real platform that is competitive with any other platform that's in the marketplace today.

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**Craig Eder Moffett** - *MoffettNathanson LLC - Co-Founder, Founding Partner & Senior Research Analyst*

Really interesting, Dave. Let's transition to wireless. And it's funny, I see questions coming in, most of them are about wireless. It's clear that people are really interested. You just changed your pricing in a fairly meaningful way, really, to make yourself much more competitive for larger family plans. Can you talk about that? What did you see in the market that made you pull the trigger on what is actually a pretty substantial change in what I would think of as your market positioning today? It's -- well, again, it really does sort of take on a much more competitive stance for larger families.

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**David N. Watson** - *Comcast Corporation - President & CEO of Comcast Cable*

Well, it starts with our belief just how important having a strong position in wireless is. It's another one that is a great complement to broadband. And that's how we sell it. That's part of our relationship with Verizon. We connect it to broadband, and I think that is a unique opportunity down the road. We liked our position. We're the only ones that have a robust By-the-Gig opportunity. We have some tiers that are available, and we have full unlimited that was available. But what we saw was a gap in terms of the multiline household. And we just weren't as competitive as we wanted to be for the multiline once you go past the 1 or 2 lines. And others are having success.

And we're fortunate in that in a dynamic marketplace, I think we're great for Verizon. We're a great partner, our industry is. And they've been a terrific partner in return, able to work on an adjustment to the relationship and enabled us to be able to come out with answering that gap. And so being able to come out with a unique -- the $30 per line to go up to 4 lines, the $120 and compare it to some of the wireless carriers offers, could be up to $600 of value back. So you connect that. And I understand the competitive question that we talked about earlier, but you flip it and talk about our approach towards the marketplace.

We're excited about having mobile, Xfinity Mobile be a great companion to xFi, our broadband product. And over time, really weaving those 2 products together in a seamless way that it gives a great product for somebody that just wants great mobile and wants to connect that to broadband. And so you look at our performance for Q1, 278,000 lines, a record performance for us. It's helping broadband. We achieved profitability within the quarter. So we like our position going forward and giving a lot of choice in the marketplace.

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**Craig Eder Moffett** - *MoffettNathanson LLC - Co-Founder, Founding Partner & Senior Research Analyst*

Yes. Talk about that some more, Dave. Is there a time -- you originally, I think, when you started with wireless, you talked a lot about it as a churn reducer for broadband. And I think most people's view today is that it's probably more strategic than that, that it may do that as well. But is there a point where your core bundle becomes a double-play of broadband and wireless rather than broadband and video and where it can grow to actually replace video as a real value creator for the business?

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**David N. Watson** - *Comcast Corporation - President & CEO of Comcast Cable*

Well, at the very heart of the question, I think, Craig, is that mobile for us, wireless for the Cable and Comcast, it's a profitable growth engine in and of itself. So when you combine it with the benefits of churn reduction to broadband, and that was our original -- one of our main points. So really, there are 3 things that we laid out that all have played out. One was the broadband churn reduction. We're seeing that. We saw it as a growth opportunity to help other consideration on the front end that could help us compete for broadband in the first place. So channels for us like retail, it really brought to life foot traffic and interest of going into a cable store that maybe wasn't as present before. So mobile has energized our sales channels and really all of our sales channels, including digital, whether it's our call center agents and/or retail. So mobile is a great opportunity to drive consideration of all of our product lines in the first place.

And then the third one is just profitability. So how we go to market, as I mentioned, we segment the marketplace. I think there's definitely an opportunity to combine an elegant and seamless broadband mobile offering. And that, I think, is going to -- it is driving. We've done it in a whole bunch of our go-to-market approaches. And for the right segment, that's a great way to start the relationship. I do think, going back to our earlier point on Flex, though, I think a terrific combination, a package offering is when you talk about great broadband and then you have Flex as a streaming option and combine that with mobile, that is a really unique proposition that we have that no one else has. And so over time, look for us to do more of that.

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**Craig Eder Moffett** - *MoffettNathanson LLC - Co-Founder, Founding Partner & Senior Research Analyst*

That's interesting. Dave, the profitability of wireless, I think, surprised people that you've got there as quickly as you did. Now you've lowered your pricing. I think you said on the earnings call that you thought you could stay there. But how do you think about the offload strategy and how much longer-term profitability depends on deployment of your CBRS and even 600 megahertz spectrum? I wonder if you could just talk about your plans there and how we should think about the economics of that.

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**David N. Watson** - *Comcast Corporation - President & CEO of Comcast Cable*

One of the advantages of being a challenger brand in a fairly mature marketplace is to rethink how you do business kind of entirely, and that's how we approached mobile in the first place. So leading with digital, doing it efficiently with existing retail capability, not necessarily having to build new capability, leveraging every single sales channel that we have. And not taking for granted, welcoming a new customer, if there is an opportunity to serve a customer, adding mobile into the discussion. So if you do things efficiently, and you can be effective in how you do it without driving incremental -- too much incremental cost, and we've seen that with mobile. So I think the longer-term answer is we have a great road map for profitability as is.

We have a very efficient capital approach with an MVNO. And with our relationship with Verizon, we're in a good position to compete, I think, for the long haul. Now having said that, we think there's even a further opportunity with the unique spectrum position that we have, the combination of the 600 megahertz spectrum that we have, again, for the physics of a wide area of coverage capability of that mid band, the CBRS. And combining those 2 things, we have -- that spectrum covers over 80% of our footprint. So you can definitely go to the dense areas. And what we're working on is, a, making sure that we have those dense areas covered. And we're trialing and testing right now offload capability in a seamless way and working with a variety of partners in how to do that.

So I think it is an important option to have down the road. And it's unique when you have the spectrum holdings that we have and being able to have great coverage, high power going out and then being able to have the mid-band capability as well. So we'll aggressively look at that, be in position for it and trial that one and looking at testing right now, but broader trials and by the end of this year into next year. So I think that's a good option for ourselves, for Charter, for sure, to be examining. And we'll be -- we have good alignment with Charter, working in tandem in terms of how to do that. But I think we're in a unique position because of the 600 megahertz in -- on top of the CBRS spectrum that we have.

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**Craig Eder Moffett** - *MoffettNathanson LLC - Co-Founder, Founding Partner & Senior Research Analyst*

So you and Charter entered the C-band auction together, and then ultimately decided at some point in the auction that the prices that you were seeing weren't worth chasing. Is that a fair interpretation of what happened? What did you see in the auction that made you decide not to continue to pursue spectrum? Or did you not go in with any particular drive to acquire spectrum anyway?

**David N. Watson** - *Comcast Corporation - President & CEO of Comcast Cable*

Well, we wanted to take a look at what happened, be in position to -- based on how things evolve -- I think there are unique things of that auction, the relocation expenses, other things that were attached to that, that we considered. But maybe the bigger consideration, Craig, was that we're in a good position already in that our -- between our 600 megahertz holding, the CBRS, we have what we need to go after offload capabilities in these high-usage, very dense mobile areas where we can offload traffic with what we have, the spectrum holdings that we have. And so we felt we were in a strong position, made sure we understood that -- the second auction, C-band's, but the results were what happened.

**Craig Eder Moffett** - *MoffettNathanson LLC - Co-Founder, Founding Partner & Senior Research Analyst*

So Dave, I want to turn, as we wrap up, to one of my favorite topics and that's margins. You've sort of steadily grown your margins. Your margins are now in the mid-40s. But you've obviously seen peers, I think about Cable ONE in particular, it's now flirting with mid-50s in terms of margins. Did you ever think you'd see margins in the cable industry in the mid-50s? And how high do you think margins now can go in this business?

**David N. Watson** - *Comcast Corporation - President & CEO of Comcast Cable*

Well, without a doubt, I've always felt there's just constant opportunities to improve. And the reason is from the strategy shift towards the connectivity end of things, anticipating what was happening with video, moving towards great businesses, whether it's residential broadband, the commercial business, which is just terrific. And that -- and we're in the Comcast Business arena. We're the challenger going up against competitors, delivering a better product in the marketplace than the incumbent. And so when you roll out those kind of connectivity services, it just drives an improvement in margins. It just reduces some of the supporting costs attached to the connectivity when you deliver connectivity businesses.

So right off the bat, I saw a real road map for improving margins just by focusing on connectivity. But having said that, then there's been -- for a long period of time, we've been extremely focused on taking unnecessary transactions out of the business. And there's so many that we felt we could really make a difference by focusing on getting the job done the right way the first time, focusing on digital tools and things that happened during the pandemic that we knew that were going to be important to serve customers immediately, things like self-install kits. But one of the things that will survive well past the pandemic, an example that support customers -- a great customer experience, but also taking cost out, things like self-install kits. We went from 60% to 70% during the pandemic, and that's holding and that will continue to hold, I believe.

So we -- over a long period of time, you've taken out just tons of calls. We've seen about a 30% reduction in overall telephone calls over a multiyear period. And that -- we still have well over 100 million, approaching 150 million transactions a year that we can go after. So there's a robust road map for us to continue to focus on delivering a better experience for the customer, taking out unnecessary transactions, reducing truck rolls along the way. So I think there's a really good road map ahead. We're pleased with our margin performance that we talked about before, the 250 basis points in Q1. But I think there's just a constant road map for continuing to improve that.

**Craig Eder Moffett** - *MoffettNathanson LLC - Co-Founder, Founding Partner & Senior Research Analyst*

Well, Dave, I think we can wrap up with a question that I ask you each time as our closing, and that's just, as you put on your prognosticator hat, we're looking out over the next 10 years, what do you think is the big change in your business that's coming?

**David N. Watson** - *Comcast Corporation - President & CEO of Comcast Cable*

Well, the part that gives confidence in what's coming is our performance over time. One of the hallmarks, I think, of Comcast and Comcast Cable has been just constant focus on being ahead of the curve. You don't produce consistent results over time without anticipating what's happening in the marketplace and getting there early and sustaining that competitive advantage, constantly being curious around what does the customer want? Where is the marketplace going? Breaking the market down by segment. So you go back over a 10 million -- the last 10 years is a good base to understand what's going to happen next. But we've added 14 million HSD relationships over that period of time, very consistent performance. And a majority of those customers are, as I mentioned earlier, above 200 megabits.

We've increased EBITDA by 77% over this period of time. So you look for the future, you can certainly see what's possible. What are the applications with 1.2, with multi gig, with constantly improving speeds, the downstream multi-gig capability, constantly improving the upstream capability, coverage, the streaming capability, combining great products like mobile and serving business customers very differently in the future. For us, it's just seamless experiences between fixed capability, wireless capability, us being a leader in delivering those broadband-rich applications that we're not going to stand still. So over the next many years, we want to be ahead of the curve, we have been ahead of the curve, and I anticipate doing that again in a very competitive environment.

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**Craig Eder Moffett** - *MoffettNathanson LLC - Co-Founder, Founding Partner & Senior Research Analyst*

Well, Dave, I congratulate you on the success that you've had over the last 10 years and looking forward to those next 10. So I want to thank you for joining us today. Terrific discussion, as always, and we look forward to having you back next year.

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**David N. Watson** - *Comcast Corporation - President & CEO of Comcast Cable*

Thank you, Craig. I appreciate it.

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**Craig Eder Moffett** - *MoffettNathanson LLC - Co-Founder, Founding Partner & Senior Research Analyst*

Thanks. Bye.

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