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**MANAGEMENT DISCUSSION SECTION**

Operator: Good morning, ladies and gentlemen, and welcome to Comcast's fourth quarter and full-year 2010 earnings conference call. At this time all participants are in a listen-only mode. Please note that this conference call is being recorded.

I will now turn the call over to Senior Vice President, Investor Relations, Ms. Marlene Dooner. Please go ahead, Ms. Dooner.

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**Marlene S. Dooner, Senior Vice President, Investor Relations**

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Thank you, operator, and welcome, everyone, to our earnings call. Joining me on the call are Brian Roberts, Michael Angelakis, Steve Burke, and Neil Smit. As we did in the third quarter call, Brian and Michael will make formal remarks, and Steve and Neil will also be available for Q&A.

As you know, we closed the NBCUniversal transaction on January 28th. And as a result, today's call will only cover Comcast's results for the fourth quarter and full-year 2010. Beginning in the first quarter, NBCUniversal's results will be consolidated in Comcast's financial statements. So we are not providing 2010 pro forma results today. We plan to provide quarterly and full-year 2010 pro forma results on both a consolidated basis and by segment when we announce first quarter results on May 4th. We hope that level of detail will provide a good basis for comparison as we begin to report 2011 results on a consolidated basis.

So to begin, let me, as always, refer you to slide number two, which contains our Safe Harbor disclaimer, and remind you that this conference call may include forward-looking statements subject to certain risks and uncertainties. In addition, in this call we will refer to certain non-GAAP financial measures. Please refer to our 8-K for the reconciliation of non-GAAP financial measures to GAAP.

With that, let me now turn the call to Brian Roberts for his comments. Brian?

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**Brian L. Roberts, Chairman and Chief Executive Officer**

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Thanks, Marlene, and good morning, everyone. I'm delighted to begin this first call of the year with really only positive news. Today, we're reporting strong results for 2010. We have successfully completed the NBCUniversal transaction. And really everything you will hear on this call points to an exciting new beginning for our company.

Our financial and operating performance accelerated throughout 2010, and we finished the year with real strength in financial and customer results in the fourth quarter. Our cable and programming teams achieved these results as they worked through a year-long regulatory approval process for NBCUniversal, which is now complete, with conditions that we believe will allow us to effectively execute on our plans for growth and innovation. Therefore, we're beginning 2011 in a wonderful position. We have strong financial and operating momentum. We're starting to execute on the many unique opportunities that are available to Comcast now that NBCUniversal is part of our company.

So let me briefly review the results. In the fourth quarter, consolidated revenues increased 7% and operating cash flow increased 9%. We generated free cash flow of \$1.1 billion for the quarter, up 46%; and \$5.4 billion for the year, an increase of 22%. This was the third consecutive year with growth in free cash flow above 20%, showing our real and consistent focus on free cash flow generation and an effective and disciplined approach to expense and capital management.

Combined with these solid financial results, we also saw real strength in customer metrics. In the fourth quarter, we had fewer video losses than in the third quarter and in last year's fourth quarter, despite having a larger competitive footprint than a year ago.

We also had strong growth in Voice and High-Speed Internet net additions. In fact, 2010 marks the fifth year in a row where we added more than 1 million High-Speed Internet customers. This strong momentum in Cable also demonstrates that the investments we have been making in technology for our XFINITY products combined with our focus on enhancing the customer experience are paying off.

Our key technical initiatives, all-digital and DOCSIS 3.0, are nearing completion, with all-digital in 75% of our markets and DOCSIS 3.0 deployed in more than 85% of our footprint. We have also put in place a library server infrastructure, which we call our content delivery network for On Demand in the majority of our markets. All of this means we're delivering better products to our customers, more high-def and foreign language programming, up to 25,000 On Demand choices, better guides, improved DVR functionality, more interactivity, as well as higher speeds for our High-Speed Internet customers.

We're also quickly leveraging these investments and taking advantage of technology advances in IP technology and new devices to continue to enhance the experience that provides our customers more choices and more ways to enjoy our services: online with XFINITYTV.com, which gives you access to 150,000 entertainment choices; at home or on the go with tablets and mobile devices with our XFINITY TV app, which just for the iPad alone has been downloaded more than 1 million times since we launched it in mid-November. The app now combines the functionality of a remote, a TV guide, and a mobile video player with Play Now, a streaming feature that initially gives customers access to 3,000 hours of movies and TV content. And later this year, we plan to expand to include live programming.

Our XFINITY platform gives us the capability to build new products and features and to deliver more innovation to our customers. It also positions us to innovate faster than ever before. It enables us to have new growth opportunities like Business Services and in advertising and in content.

Now that we have completed the NBCUniversal transaction, we are in a special position with a strategic mix of assets and a unique opportunity to build value for our shareholders, both near term with assets like the Cable Networks and longer term with Universal Films and the NBC Broadcast Network. Our investment in NBCUniversal is structured to provide solid returns. The financing was completed on terms that are better than we originally anticipated. And NBCUniversal has good momentum going into 2011. With scale in both distribution and content, we believe we can drive product leadership and innovation even faster.

Reflecting all of this confidence and optimism in the future of our businesses, today we are pleased to announce a 19% increase in our planned annual dividend to \$0.45 per share, and we're accelerating our share repurchases in 2011 by 75% to \$2.1 billion.

So we really do start 2011 on a positive note. We have a strong foundation, with increasingly diverse revenue streams, strong subscription businesses, and opportunities to build new businesses. And our competitive position has never been better. Now it's really all about execution in order to maintain our financial and operating momentum and to drive profitable and sustainable growth.

Under Neil Smit's leadership for over a year now, we are speeding up innovation and really moving forward with the customer experience. We have reinforced our focus on first-call resolution for our customers and online self-service. And as a result, repeat service calls are down by 15% and online transactions have increased by 20%. At the same time, customer awareness of our

customer guarantee increased by 10 points last year. When taken together, these steps are driving higher customer satisfaction as well as increased efficiencies in our cable businesses.

At NBCUniversal, Steve Burke is focused first on maintaining the strong performance and momentum of the cable channels, which drive most of the profitability of NBCUniversal. We're also integrating the Comcast networks into NBCUniversal's wonderful group of cable properties and beginning to execute on the many new opportunities to come out of this combination. Across the board, we are focused on execution and on building value in each and every one of our businesses.

Let me now pass to Michael to cover the fourth quarter and 2010 results in more detail.

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**Michael J. Angelakis, Chief Financial Officer**

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Thank you, Brian. Let me begin by briefly reviewing our consolidated results, starting on slide five. We are pleased to report solid full-year 2010 and fourth quarter results, which reflect a consistent focus on profitable growth and underscores the effective execution in our residential, commercial, programming, and advertising businesses. We are particularly pleased with our fourth quarter results, which show real momentum and a balanced approach to financial and customer metrics and our Cable operations.

For the fourth quarter, consolidated revenue increased 7.2% to \$9.7 billion. And operating cash flow grew 9% to \$3.7 billion, resulting in a consolidated operating cash flow margin of 38.2% versus 37.6% in 2009. When adjusted for NBCU transaction costs, the operating cash flow growth was 9.1%, and our margin was 38.5%.

For the full year, consolidated revenue increased 6.1% to \$37.9 billion. And operating cash flow grew 6.4% to \$14.6 billion, resulting in a consolidated operating cash flow margin of 38.5%. Again, when adjusted for NBCU transaction costs, 2010's operating cash flow growth was 6.9%, and our margin was 38.7%. Given the economic and competitive environments we're facing, we are pleased with these financial results.

Cable advertising recovered this past year, and the business benefited from the 25.9% increase in revenues to \$1.8 billion. This improvement was led by renewed strength in automotive and also political revenue, which added over \$180 million to 2010's results.

Shifting to our Programming segment, this business also benefited from a healthy advertising market, with revenue growth of 11.8% and operating cash flow growth of 20.6%.

Please refer to slide six. We also remain very focused on free cash flow, free cash flow per share, and earnings per share as important metrics in evaluating the strength of the company. In each of these key metrics, our performance in the fourth quarter and during 2010 was very strong and reflects solid progress related to our continued focus on return on invested capital and on execution.

During the fourth quarter, we generated consolidated free cash flow of \$1.1 billion, an increase of 46% compared to last year, primarily the result of higher consolidated operating cash flow, lower capital expenditures, and changes in operating assets and liabilities. For the fourth quarter, free cash flow per share increased 48% to \$0.40 per share. For the full year of 2010, our free cash flow increased 22% to \$5.4 billion, and free cash flow per share increased 25% to \$1.91 per share. Excluding total NBCUniversal related costs and other non-recurring items, EPS for the fourth quarter grew 20.7% to \$0.35 per share. For the full year, again excluding total NBCUniversal costs and other non-recurring items, earnings per share grew 18% to \$1.31 per share. Please refer to table four in the press release for more details on these items.

Let's turn to slide seven to review the Cable division's results. For the fourth quarter, Cable revenue increased 6.9% to \$9.2 billion, reflecting growth in our residential business and continued strength in Business Services and cable advertising. As Brian previously mentioned, we experienced real strength in our customer metrics in the fourth quarter when compared to 2009 and in prior quarters. We added 414,000 total video, High-Speed Internet, and Voice customers during the fourth quarter. And we had fewer video losses than in the prior quarter as well as compared to last year, signaling that the impact of the digital transition is now behind us. In addition, we saw strong growth in our High-Speed Internet additions as we continue to take share with product superiority. And we added healthy levels of Voice customers as we drove Voice additions with our triple-play offers.

We continue to manage the business for profitable growth, and we have been effective during 2010 in driving recurring revenue. Total revenue per video customer increased 11% to over \$133 per month in the fourth quarter, reflecting strong ARPU management, a higher contribution from Comcast Business Services, and an increasing number of customers taking multiple products. At the end of the fourth quarter, 33% of our video customers took all three services compared to 28% at the end of 2009.

For the fourth quarter, total video revenue increased 2.1%. Video revenue continues to strengthen, reflecting rate adjustments, an increasing number of our customers taking higher levels of digital and advanced services, and increase in pay revenue. This quarter, we added 228,000 advanced service customers who subscribe to high-def and/or DVR services. We now have 10.1 million advanced service customers, equal to 51% of our digital customer base and 44% of all video customers.

High-Speed Internet revenue increased a healthy 10.7% during the quarter, reflecting rate adjustments, continued growth in our customer base, and an increasing number of customers taking higher speed services. Today, 23% of our residential High-Speed Internet customers take the higher speed tier above our flagship service. We added 292,000 High-Speed Internet customers in the fourth quarter and 1.1 million in 2010. This compares to 247,000 for the fourth quarter of 2009 and 1 million for all of 2009. Our penetration continues to trend upward and is now at 33%.

Voice revenue also posted strong growth, increasing 11.8% for the quarter, reflecting continued growth in our residential customer base as we successfully bundle with the triple-play and benefit from a growing contribution from Business Services. We added 257,000 total Voice customers in the fourth quarter and added 988,000 Voice customers during 2010 compared to 1.1 million last year. Over the last 12 months, our penetration has increased 160 basis points and is now at 17.3%.

We also had another strong performance in Business Services, with revenue increasing 53.5% to \$365 million in the quarter and 53.1% to \$1.3 billion for 2010. This business's margins are improving, and we expect the momentum in the small end of the business market to continue. As I have mentioned previously, we are in the early stages of targeting medium sized businesses and have invested in this effort during 2010. We remain very enthusiastic about the growth opportunities to serve mid-sized businesses and to also expand our cell backhaul efforts.

As I mentioned, Cable advertising performed well, as fourth quarter revenue increased 29.3%. This improvement was again led by strength in automotive as well as higher political revenue. Excluding the impact of political, core Cable advertising revenue increased 10.2% this quarter and 16.4% for the full year.

Please refer to slide eight and let's review our Cable division's operating cash flow results. Fourth quarter Cable operating cash flow increased 8.7% to \$3.8 billion. Our Cable operating cash flow margin increased to 41.2%, a 70 basis point improvement compared to last year's fourth quarter.

For 2010, Cable operating cash flow increased 6.4% to \$14.6 billion, and our Cable operating cash flow margin increased to 40.7% from 40.4%.

Total expenses in our Cable segment increased 5.6%, reflecting higher video programming and marketing expenses as well as continued investment to expand our capabilities in Business Services. Programming expenses increased 5.9% this quarter and 5.6% for all of 2010, reflecting an increasing number of our customers taking higher levels of our digital services, the addition of new programming, and contract resets. As we enter new contracts, we are also receiving more value in our programming contracts, particularly with more On Demand programming and increasing availability of content across multiple platforms. As we look to 2011, we expect programming expenses to grow at a slightly higher rate than in 2010 due in part to higher sports related costs.

Marketing expenses increased 24.2% this quarter and 17.4% for the year, as a result of continued investment in direct sales, in our retail channels, and in higher overall advertising and media spend, including our XFINITY branding. Our XFINITY brand is now launched in 84% of our footprint, and awareness of XFINITY now exceeds 90%. Among non-customers, we have seen consideration levels; that is potential customers willing to evaluate and consider our brand for purchase, grow by over 36% since the launch of XFINITY one year ago. In addition, among our current customers, we have seen our ratings for being technologically advanced grow by more than 40%, and our scores for having good value for money increase by 30%. Our marketing investment is yielding positive results, driving connect activity and improving our competitive positioning in the market.

We also remain very focused on expense management throughout the entire enterprise. We are constantly evaluating our cost structure to gain efficiencies. In the fourth quarter, we realized improvements in network costs and reduced our direct costs for High-Speed Internet and Voice businesses. In addition, customer service and technical expenses were relatively flat for the year, as we benefited from a number of efficiency initiatives, which resulted in lower activity levels, in increasing call automation, and customer self-service.

Please refer to slide nine to review our capital expenditures. In the fourth quarter, capital expenditures decreased \$77 million to \$1.5 billion, representing 15.8% of total revenue, continuing our trend of decreasing capital intensity, lower equipment pricing, and strong return on invested capital. Fourth quarter CapEx reflects meaningful investments to support growth in Business Services and to expand our efforts in mid-sized businesses such as Metro E and cell backhaul.

We have now deployed almost 17 million digital adapters since the inception of the all-digital project, including 1.9 million during the fourth quarter and 10.7 million during 2010. Our all-digital project has freed up bandwidth for DOCSIS 3.0 as well as enabled our new content delivery network for On Demand. And as Brian mentioned, all-digital is providing significant product enhancements for our customers.

We're generating incremental revenue from a reduction in theft of service and higher take rates for advanced services and pay-per-view. All-digital is also helping to drive operating efficiencies, with reduced truck rolls and higher utilization of self-installation. As a result, the all-digital project is providing double-digit returns while generating significant strategic and operating benefits for the company.

Another high return capital investment area is our deployment of advanced digital boxes. We have articulated the investment returns for this area before. In the fourth quarter, we deployed 781,000 advanced high-def and/or DVR set-tops.

For the full year of 2010, capital expenditures decreased 3% to \$5 billion, equal to 13.1% of revenue, and again reflects decreased capital intensity. In addition, consistent with prior years, our growth oriented CapEx represents approximately 71% of total cable capital expenditures.

With regard to 2011, we anticipate our capital intensity to moderate further, as Cable capital expenditures are expected to be lower as a percentage of Cable revenue when compared to 2010. This further reduction in CapEx should occur even as we aggressively invest internally in strategic opportunities, which we believe have attractive risk-adjusted returns and represent future organic growth.

Please refer to slide 10. Now let me provide an update on the NBCUniversal transaction, which we view as strategically and financially attractive and consistent with our capital allocation strategy. The transaction is transformative to our content assets, as we now have scale in both content and distribution. The transaction has been structured to yield strong double-digit returns, maintain Comcast's conservative balance sheet and strong investment grade ratings, and allow us to accelerate our return of capital to shareholders.

As you know, we closed the transaction on January 28th. At closing, we funded \$6.2 billion in cash and also contributed our national programming networks, regional sports and news networks, and several digital assets. The structure produces significant tax benefits associated with tax depreciation and amortization deductions that afford Comcast tax benefits similar to an asset purchase. The resulting tax benefits may exceed our previous estimate of \$1.5 billion on a net present value basis.

In the last year, we raised \$13.1 billion of new, attractively priced debt to fund this transaction, including \$9.1 billion at NBCU and \$4 billion at Comcast Corporation. At closing, our consolidated leverage is approximately 2.4 times. And as we have said in the past, we remain comfortable with our debt to operating cash flow leverage target between 2 to 2.5 times.

We will consolidate NBCUniversal but will manage Comcast Cable and NBCUniversal as two separate balance sheets and two separate pools of cash flow generation and funding capacity. Comcast Cable, which includes the Cable business and our corporate operations, will continue to allocate its free cash flow generation to reinvestment in its businesses and to return capital to shareholders. NBCUniversal will retain its free cash flow and debt capacity for reinvestment in its businesses and to fund future redemptions by GE.

While day-one integration went smoothly and we are just beginning to operate these businesses, NBCUniversal starts 2011 with good momentum. We are very excited about the opportunities. And as Marlene mentioned, we'll provide more details and transparency for NBCUniversal and its operating segments with the first quarter results on May 4th.

Please refer to slide 11. As we review 2010 and begin 2011, we have a consistent financial strategy that is balanced and disciplined. Our first priority remains to profitably invest in the operating and strategic needs of our businesses. And we will continue to deploy capital when it provides attractive risk-adjusted returns, enhances our competitive position, and delivers sustainable organic growth.

In terms of external investment, we expect our focus to be on execution and on the integration of NBCUniversal. We remain extremely disciplined, focusing on opportunities that extend our services and add features that allow us to build new complementary and profitable revenue streams.

In 2010, we returned approximately 42% of our consolidated free cash flow to shareholders or \$2.3 billion, including dividend payments totaling \$1.1 billion and share repurchases totaling \$1.2 billion. With today's announcement, our return of capital is increasing 45% to \$3.3 billion during 2011, representing approximately 60% of our last 12 months free cash flow and approximately 90% of our last 12 months net income. That incorporates a 19% increase in our planned annual dividend to \$0.45 per share and an acceleration by 75% in our share repurchases to \$2.1 billion for this year.

When you combine all these elements together, we feel very good about our financial strength, our current operating momentum, and opportunities in 2011. We have a terrific mix of assets, and we're looking forward to executing on the opportunities to build value for our shareholders.

Now let me turn it over to Marlene for Q&A.

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**Marlene S. Dooner, Senior Vice President, Investor Relations**

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Thanks, Michael. Operator, let's open up the call for Q&A, please.

**QUESTION AND ANSWER SECTION**

Operator: Thank you. We will now begin the question-and-answer session. [Operator Instructions] Our first question comes from the line of Jessica Reif Cohen with Bank of America Merrill Lynch. Please go ahead.

**<Q – Jessica Reif Cohen>**: Thank you, I have two questions. First on NBCUniversal, could you highlight the top goals or priorities over the next one or two years? And are there any parts of the business you'd like to add to? For example, international is an area that doesn't seem to be particularly strong right now.

And then as a separate topic on the SME business, 53% growth is fantastic. I'm just wondering. It feels like you're just starting on the mid-sized business. When would you expect to achieve scale in the medium-sized business? And you mentioned that margins are accelerating. Can you tell us what they are now and what you expect them to be at scale? Thanks.

**<A – Brian L. Roberts>**: I'll start with the NBCUniversal goals and then pass to Neil on the small and medium-sized business question. One of the advantages of waiting 13 or 14 months to get a deal closed due to regulatory approval is you get a chance to really get to know the assets, really get to know the people, and get a chance to create a set of goals and plans and priorities for the future. We have a lot of big goals for NBCUniversal. I would start with the fact that 80% of the EBITDA or 80% of the value are the cable channels. The cable channels are in fantastic shape, have been growing double digits. There you just want to make sure that we continue to make the right investments and continue the growth.

The biggest opportunity I think over the next few years, and we certainly don't expect to see anything in the next year. But if you go out three, four, five years, is the NBC Network, where we have some real strength at NBC News and some real weakness with primetime. And we think we can make progress. And we're doing a variety of things, putting a variety of things in place to get that progress, but I don't think we're going to see anything for a while.

And then I'm very excited about opportunities like Telemundo. You mentioned international. We think international is a real opportunity. So we think the assets are fantastic. And the real core of the assets, the cable channels, are in great shape. We want to continue to keep that going. But we're going to be opportunistic in terms of the places where we can invest and grow, like international, like Telemundo, like the NBC Network as well. Neil?

**<A – Neil Smit>**: Yes, on the Business Services side, we are pleased with the growth. We have been focusing primarily on the SMB business. And as that business has scaled, we've seen margins that are higher than our residential side.

Going forward, we're really investing right now into PRIs [Primary Rate Interfaces], the Metro E business, and the cell backhaul towers. We've now got PRI available in about 90% of our footprint; the Metro Es, over half of our footprint. And we increased our cell backhaul towers by about 80%. I think, Jessica, to answer your question, we will be seeing those returns over the next couple years. We're making the investment now for the longer-term growth.

**<Q – Jessica Reif Cohen>**: Have you seen any telco response?

**<A – Neil Smit>**: We feel comfortable in the mid-sized business, and that has been an area where we continue to take share and we believe we can continue to take share.

**<Q – Jessica Reif Cohen>**: Thank you.

**<A – Marlene S. Dooner>**: Thanks, Jessica. Operator, let's go to the next question, please.

Operator: Our next question comes from the line of Jason Bazinet with Citi. Please go ahead.

**<Q – Jason Bazinet>**: I just have a quick question for Mr. Roberts and one for Mr. Smit. Regarding Sling, there was a time five or ten years ago where you guys were very excited about VOD. And I think just procuring the content that you wanted maybe at the prices that you wanted didn't happen, and you ended up pursuing a twin strategy of doing VOD and DVR in tandem. As you navigate the TV Everywhere process, do you think it's possible you'll end up complementing that with a Sling product just because it's easier for the consumer to get everything even if you can't procure the rights?

And then for Mr. Smit, ultimately when we're all done with the all-digital conversion, where do you think the average number of boxes per digital customer settles out? Is it in the 2.8 range? Is that the right number we should be thinking about? Thank you.

**<A – Brian L. Roberts>**: This is Brian. It's interesting how you look backwards and analyze that. We always liked VOD, and technology created DVRs, and some consumers liked one and some liked both. So I wouldn't have looked at it quite that same way, and I think we see we are not currently doing anything with Sling and don't have any plans to do so. But we do see IP technology coming, expansion of our rights. All the programmers that we do business with are talking to us in a variety of ways about forms of giving the consumer access on more platforms and more choices. And we've had great progress with that, and I expect that to continue. Neil?

**<A – Neil Smit>**: Yes, Jason. First off, with the all-digital rollout, we've seen very good success with that and very good returns on our investments there. People are buying more VOD, more PPV. And so that's been a good return, and we're seeing less expenses as we've seen fewer truck rolls and less theft of service.

Concerning boxes, we have about 2.5 per household now. I think it's important to note that as we roll it out, we give one set-top box and then one DTA [Digital Transport Adapter], which enables us to extend some of those advanced services.

**<Q – Jason Bazinet>**: Okay.

**<A – Marlene S. Dooner>**: Thanks – go ahead.

**<Q – Jason Bazinet>**: That's it. Thank you.

**<A – Marlene S. Dooner>**: Thanks, Jason; next question, please.

Operator: Your next question comes from the line of John Hodulik with UBS.

**<Q – John Hodulik>**: Okay, thank you, just a quick question on the RGUs [Revenue Generating Units]. You mentioned video was strong now that the digital transition was behind us; any sense that you're getting any impact from an improving economy or improving housing market? Just talk a little bit about what drove the strong RGUs in the quarter.

**<A – Neil Smit>**: I think the primary factor was the one you've mentioned, John, which was DTV. In the second and third quarters, where we had the majority of the impact, about 50% of our losses were B1 losses. Over the year, it was about 40%.

I think on the economy, it hasn't been a major factor. We haven't seen major changes. I think we were pleased as we saw more advanced services boxes, so we managed ARPU up at about 5.6%. And we're just going to continue to execute better. I think on the execution, it's a matter of managing rate/volume, getting better products out the door, and improving our service.

**<Q – John Hodulik>**: So is the strength in broadband telephony, was that also, I guess, impacted in the second and third quarter by the digital transition, at least for the good run rates going forward for growth?

**<A – Neil Smit>**: I can't speak to the run rates really, but I think we're executing better overall. I think on HSD, we've got a better product, and people want a better product as we're seeing more bandwidth consumption.

On the telephony, it rounds out the triple play. And we're seeing about 30 – we're up to about 33% of our customers taking triple play. So I think the suite of products and then complementing that with Business Services and ad sales is a great place to be.

**<A – Marlene S. Dooner>**: Thank you, John. Operator, let's go to the next question, please.

Operator: Your next question comes from the line of Craig Moffett with Sanford Bernstein.

**<Q – Craig Moffett>**: Hi, good morning. First, could you comment on your plans around usage based pricing? I know, Neil, you've been reticent to go down that path up to now. But you've committed to a low price broadband product as part of your NBC voluntary commitments. Will that have usage caps on it? And if not, how do you think about rolling out usage-based pricing and usage caps as you think about your broadband strategy going forward?

**<A – Neil Smit>**: We don't have plans right now for usage-based pricing, Craig. I think that going forward, we continue to experiment with different prices and plans. We have done the instrumentation of the business, which is really the long pole in the tent, getting the meters in place which we think are beneficial to the customers. They can see what they're consuming, and ensuring the billing connections are made, but right now we have no plans. We're pleased to have rolled out the \$9.95 plan. We think that's good for the public, and we believe it will be well received.

**<Q – Craig Moffett>**: And if I can ask a follow-up to Mike. Mike, can you just comment on, again, your expectations and your desires for the leverage ratios of the company now that the deal is complete?

**<A – Michael J. Angelakis>**: Sure. I think what I said on the call is we closed the deal, and our leverage on a pro forma basis is around 2.4 times, Craig. And we've reiterated our target as between 2 to 2.5 times. So we feel, as you can hear from the call, pretty comfortable with how the operations are performing, and that led us to increase the dividend as well as to accelerate the buyback. So we're really looking at our financial strategy per se on a year-by-year basis, and we feel good about performance. And that led us to increase the dividend and buyback, and we think we are within the zone of our target for leverage right now, Craig.

**<A – Marlene S. Dooner>**: Thanks, Craig. Operator, let's go to the next question, please.

Operator: Our next question comes from the line of Vijay Jayant with Citadel Securities. Please go ahead.

**<Q – Vijay Jayant>**: Thanks, for Neil, two questions, actually one for Mike. On video pricing, can you talk about what you're trying to do this year in rate increases and how that's shaping up?

And for Mike, I just want to have some clarification on the NBC transaction. Due to the programming rights and step-ups there, it seems that amortization could be higher by about \$750 million, so a drag of about \$0.15 on earnings. Given you get the tax break on that, can you discuss that, please? Thanks.

<A – Michael J. Angelakis>: I don't think we really see that. I think the tax break we'll have will end up being a lower effective tax rate. Our tax rate has been in the 41% – 42% range. And I think we'll end up, with NBC, having a slightly lower tax rate. So I don't see it exactly as you see it, and we're working through all the finer details right now of the purchase price accounting. But we're not seeing it end up in any way that you just described.

<A – Neil Smit>: On the pricing, Vijay, we're focusing in on different segments, get different rates based on their package. I think I'd say that it's generally in line with other MSO [Multiple System Operator] pricing. We're really focused on the retention side of the business as well. As people come off of promo roll-offs, how much we step them, and how different segments get managed. So we have seen good luck. I think churn was down on all three of our product lines in the fourth quarter, and that was due to both better execution on the retention side, I think as well as better service focus.

<A – Marlene S. Dooner>: Thanks, Vijay. Operator, let's go to the next question, please.

Operator: Our next question comes from the line of Ben Swinburne with Morgan Stanley. Please go ahead.

<Q – Benjamin Swinburne>: Thank you. Can you hear me?

<A – Marlene S. Dooner>: Yes, go ahead.

<Q – Benjamin Swinburne>: Great, thanks, one for I guess Brian or Neil. I'm just curious on XFINITY.com and also the tablet product that you're rolling out. How are you positioning that? Is that something you're aiming at the high-end customer to try to drive incremental ARPU or lower churn? Or do you look at that as something that you're going to use more broadly for every basic video customer because at least anecdotally, it sounds like some of the basic losses in the industry have been around the low-end customer where the economy has had bigger issues? I'm just curious how you think about positioning XFINITY.

And then if I could maybe sneak one in for Steve and/or Brian on NBC, what's the appetite for sports going forward? There has been a lot written about the Olympics, but maybe you can talk about the Olympics and the NFL, which there are rumors they'll have another package created in a couple years. What's the interest level given the cost of those kinds of rights in renewing Olympics and going after the NFL on NBC?

<A – Brian L. Roberts>: Okay, Ben. The XFINITY app and the XFINITY website are available to all our customers. So I think you're going to see across the board usage. I think there has been a real technological shift with mobile devices, with WiFi, and with tablets and pricing. And if you had to look out the next couple years, it's not at all inconceivable that many, many providers of these devices attached to the Internet through a WiFi connection in your home is just going to give you an array of new experiences that you don't have historically. And I think that's going to work at high end and low end. The reality of the digital transition that Neil was describing was pretty much at the low end of our customers. So we are focused on our best customers and expanding that experience, but I think these things end up rippling throughout all of our customers with fullness of time and the cost of the devices.

On the sports question, Steve may want to clarify here. But at this point, we have a lot of opportunities with NBCUniversal. It is not something we're singling out or focused on. People have said are we doing something specific, different than the company has traditionally done. I don't really see that as a realistic thing. People talk about ESPN and other things. I think we have a long-term opportunity to take these brands to do things like between the Golf Channel and NBC Sports and bring it to another level it has never been before. And that's where we're really focused to start

with. We have some long-term agreements in place. Olympics is in a category by itself. Steve, do you want to add anything?

**<A – Stephen B. Burke>**: I think we're here to make money, and we're going to be disciplined. We're going to concentrate on businesses that have good returns. You look at businesses like USA and Bravo and SyFy and the E! Channel, Oxygen, CNBC, MSNBC. These are fantastic businesses, and those businesses can do even better than they're doing right now if they get the right investment, the right cross-promotion. So I would just come back to our job here is to increase value over the long term, and we're going to do that in a disciplined way, always with an eye to making money. That's why we're here.

**<A – Marlene S. Dooner>**: Thanks, Ben. Operator, let's go to the next question, please.

Operator: Your next question comes from the line of Jason Armstrong with Goldman Sachs. Please go ahead.

**<Q – Jason Armstrong>**: Hey, thanks. Good morning, a couple questions. Maybe first on the metrics that you talked about, free cash flow per share and earnings per share growth that you're focused on, obviously the market is focused on as well. When you compare this to the peer landscape, most of your peers have adopted strategies to shrink the share count fairly aggressively to contribute to this growth. And as you benchmark boosting the share repurchase today, but you're still a little bit less aggressive in shrinking the share count, and I'm wondering. Is the signaling here that you think you can grow the underlying business faster than peers and that's really how you bridge the gap?

And then second question, just on voice and broadband costs, both of them at the lowest levels in several years despite very good volumes in both. Can you put some more context around this and how we should think about further declines in these costs? Thanks.

**<A – Michael J. Angelakis>**: Jason, I'll take the metrics question. We are shrinking the share count. We actually have been pretty consistent over quite a few years in terms of buying back stock. And the dividend has been in place since 2008, and we've consistently increased it. In fact, I think we were the first of our peers to increase – to actually have a dividend. So we are shrinking the share count.

I think that when we look at our peers, and we look at our peers in terms – in our industry with regards to our market cap, with regards to our investment grade rating, and we look at our leverage and we look at our payout ratios, we are right smack in the middle of where we think we should be with regards to our dividend yield, with regards to our dividend payout yield, whether it's on free cash flow or net income, as well as with our leverage ratios.

So one thing we are doing is really focused on is free cash flow. And you can see from one of the slides how we've grown free cash flow pretty substantially since 2007 and been able to buy back stock at the same time and grow free cash flow per share I think pretty nicely, where many of our peers, I think, would be envious of that growth. So I think we're focused on a pretty balanced capital allocation strategy.

**<A – Neil Smit>**: With regards to Internet and phone costs, I think that speaks to how we're leveraging investments. We've made a lot of investments in the network, and we're realizing the benefits of some of those right now. And while a lot of the costs have come down, I think we'll continue to look for efficiencies. I'm pleased with the business focus on both growing the top line as well as managing the expenses, and we'll seek that balance going forward.

**<A – Marlene S. Dooner>**: Thanks, Jason. Operator, let's go to the next question, please.

Operator: Our next question comes from the line of James Ratcliffe with Barclays Capital. Please go ahead.

**<Q – James Ratcliffe>**: Good morning, folks. Thanks for taking the question, two if I could. First of all, on streaming rights both in and out of the home, given your current contracts, what do you see as your existing rights to deliver programming, either linear or on demand outside of the home within your existing contracts?

And secondly, when you talk about additional investments in the business other than obviously the categories you've been putting money into, things like SME, all-digital, and the like, can you directionally talk about what other things that you haven't been putting significant amounts of capital into that you think are upcoming that we should be aware of? Thanks.

**<A – Brian L. Roberts>**: So each contract is different, so I don't think you can really generalize. But as I said earlier, I think all content companies want to reach their consumer on as many devices, but they want to look at their business models, their business strategy, and their business partners and new technologies.

I think if you haven't downloaded our XFINITY app and you haven't hit the Play Now button or if you – it reminds me of the beginning of On Demand. And for a long time, we were out there with On Demand, and people weren't sure that we were going to get the best content. And there were a number of critics saying it doesn't have this and it doesn't have that. And we just plowed away at it year in and year out. And now we have 25,000 choices and more coming, and our technology gets cheaper and better every year, and all these digital devices allow you to access On Demand. And I think we're going to see the same thing occur over time. It's a focus, and our innovation machine that Neil is talking about is getting better, more reliable. And we had a very solid 2010, and we have a lot of excitement planned, and we've shown some of that for 2011. Mike?

**<A – Michael J. Angelakis>**: So it's interesting, James, interesting question. I think we have played a lot of offense with our investments. Although our capital intensity in terms of percentages as well as dollars has come down, I really think we've really been aggressive in terms of making pretty smart investments, whether it's all-digital, which we talked about, or DOCSIS 3 or VOD or XFINITY. And certainly we're investing a lot in the small and medium sized business with the medium being relatively new. And now we've got cell backhaul and Metro Ethernet, which Neil talked about. So I don't really see any large, large categories that we're not investing in. I think we've really got an ROI focus, and I think we're playing offense with our capital and trying to be as efficient as we can. So when you're looking around the table; I don't think we're missing much.

**<A – Marlene S. Dooner>**: Thanks, James. Operator, let's go to the next question, please.

Operator: Our next question comes from the line of Doug Mitchelson with Deutsche Bank. Please go ahead. Doug, your line may be on mute.

**<Q – Douglas Mitchelson>**: Sorry about that, two questions as well. Brian and Michael, I know, Michael, we've been dancing around the leverage question. Investors are looking at return on capital as an indication of how much M&A flexibility you want to maintain. So a 60% return of LTM free cash flow when you're already within your leverage target could imply you're reloading the balance sheet. So it might seem an obvious answer to the question here, but any comments at all you can make on your appetite for another big deal would be helpful.

And then separately, Neil, any comments you're willing to make regarding sub trends so far in 1Q, is this momentum continuing with good gross and churn trends for each product? Thanks.

**<A – Michael J. Angelakis>**: I'll take the leverage one. First and foremost, we're really focused on execution. So I think Steve had mentioned earlier how he's focused on execution, and Neil as well. So from an M&A standpoint, I don't think we see anything of any significance.

With regards to leverage, we're at 2.4 times. The 60% commitment from free cash flow, when you add on top of that our principal payments, we made a \$1 billion principal payment last month. We have \$750 million due next month. And you look at those two particular payments, combined with the increase in the dividend and the buyback; all that adds up to about 90% of our free cash flow. So we will delever a little bit during 2011, not a whole heck of a lot, but we'll still be right in the middle of where our target is in terms of leverage. So again, I think we are trying to keep a very measured and balanced capital allocation strategy, and we're in this for the long term.

**<A – Brian L. Roberts>**: I just want to add then go to Neil. We talk to a lot of investors. We get many different views as between dividends and buybacks and those that love leverage and some who do not. And we try to find an approach that we're comfortable with. We accessed the capital markets last year for \$14 billion. We had a really great year with historically low rates. And I think it was very important to us at the beginning of the year to announce that we are increasing both the dividend and accelerating the buyback, while at the same time having closed one of the largest transactions in the company's history. And we really believe that it sets the stage. This is Mike's approach. This is an annual conversation, and we're able to be excited about 2011. And we think we're off to a good start with the new deal and with the new year.

**<A – Neil Smit>**: With regards to sub trends, I think it's too early in the quarter to really speak to those. I think it's really going to be all about disciplined execution. We're focused on marketing investments and the right sorts of segments and investments across the different channels. We want to continue to get good products out the door on a frequent basis and a timely basis. And it's going to be a lot of day-to-day block and tackle on the service side. So it's really about just focused execution.

**<A – Marlene S. Dooner>**: Thanks, Doug. Operator, let's go to the next question, please.

Operator: Your next question comes from the line of Stefan Anninger with Credit Suisse. Please go ahead.

**<Q – Stefan Anninger>**: Hi, thanks for taking my question. I think my question is directed at Neil. So from what we can tell, there continues to be extraordinary growth in the amount of data traffic that MSOs are handling. Perhaps you could discuss what you're seeing in terms of data traffic trends on your plant, at least in general terms if you're not comfortable disclosing specific data points.

And then just a follow-up would be maybe you can discuss your longer term plant strategy to accommodate that growth. In other words, what are the things you can do to handle that increase in a cost effective way? And then maybe discuss the longer term concept of making your plant more IP enabled.

**<A – Neil Smit>**: So there are a number of questions in there. Let's break them down. In terms of the HSD consumption, as you know, we have a 250-gig cap. We're very comfortable with that. The median usage across our customer base is four to six megs per month, so we feel comfortable on that. There are very few customers consuming that 250-gig level.

With regards to growth, I think there are some cost efficient ways of doing it. As Brian mentioned, we've got DOCSIS 3.0 rolled out over 85% of our footprint, which gives us great capacity. There are a number of people experimenting with channel bonding, which gives us a very cost effective way of getting more growth from the network.

And I think going forward, remind me of your question going forward. On the IP side, I'm sorry. On the IP side, we've been doing some work on that over the last almost two years. We understand what it would take to do it. The good news is it would be over DOCSIS, which is not a very inefficient way of doing it, but we're understanding more about how to do it and what it would entail from a network perspective.

<A – Marlene S. Dooner>: Thanks, Stefan. Operator, let's take the last question, please.

Operator: Our final question comes from the line of Marci Ryvicker with Wells Fargo. Please go ahead.

<Q – Marci Ryvicker>: Thanks, I just have two quick questions. Your ARPU was up significantly in 2010, especially in Q4, which is great. But it makes for tough comps in 2011. So how sustainable is double-digit ARPU growth?

And then secondly, the competitive landscape in the Commercial segment, is it more intense in the medium sized segment than in the small businesses?

<A – Neil Smit>: Yes, on the ARPU side, I think we continue to see good growth there, up 10.6% this quarter. I think that's due to a few things. One is we've taken rate increases over a larger percentage of our footprint than we did in '09. The second thing is we're seeing a better mix of products. We're seeing more HSD and phone, and there are more people taking the triple play. In the quarter, we saw very strong growth of people upgrading to triple play because they see the value of it. We'll continue to focus on managing rate and volume, which I think is the delicate balance that we continue to maintain, and we'll continue to focus on that.

With regards to commercial competitiveness, I think we saw a great opportunity in SMB, and we'll continue to focus on that. It's a large channel. We have the capacity in place. I think in any new rollout into a segment or a sector, there is good growth in the beginning, and I think we're seeing that on the mid-sized business side. We have to build the capabilities of addressing that, the sales force, the back office system. But we're seeing good growth opportunity there right now.

<Q – Marci Ryvicker>: Thank you.

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**Marlene S. Dooner, Senior Vice President, Investor Relations**

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Thank you, Marci, and thank you all for joining us this morning.

Operator: There will be a replay available of today's call starting at 12:30 PM Eastern Time. It will run through Wednesday, February 23, 2011, at midnight Eastern Time. The dial-in number is 800-642-1687, and the conference ID number is 35153607.

This concludes today's teleconference. Thank you for participating, and you may all disconnect.

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