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EDITED TRANSCRIPT

CMCSA - Comcast Corp at Goldman Sachs Communacopia Conference

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PRESENTATION

Brett Feldman - *Goldman Sachs - Analyst*

Obviously, this is a fun one for us to welcome Jason back to Communacopia. First time sitting in that seat, but obviously not the first time at the conference.

And I will just tell you personally, having been here for several weeks getting ready for this conference, really coming to appreciate just how well done it is. That clearly is the work of a lot of people over a lot of years, including your own effort, and so it is greatly appreciated. We are really happy to take over a franchise that is in such good shape.

So the first question has to do with the transition that you have made. You have a very unique perspective on Comcast. You spent years being able to look at the Company from the outside in as an analyst and now you're on the inside looking out. And I am curious; what is the biggest surprise or the biggest shift in perspective that you have had as a result of this career change?

Jason Armstrong - *Comcast Corporation - SVP, IR*

Well, thanks for the question, Brett. First and foremost, congratulations on your new role. Congratulations on the recent launch. I can imagine it has been a very busy couple months for you launching on telecom, cable, and then running this conference, which I know what that involves, so congratulations. And also congratulations to you and Drew, Tim, etc., everybody that has their hands in this conference because the lineup looks phenomenal.

I think -- I have been at Comcast since January; there has been no shortage of things to do. Sort of thrown into the fire right away with Time Warner Cable and then obviously divestiture transactions.

As I step back and say, okay, what is different than what I might have perceived from the outside there is probably a couple different categories. First is that there is this ongoing debate about capital allocation and balance sheet flexibility.

I think -- I probably have a new appreciation and understanding of the Comcast philosophy and what balance sheet flexibility has translated into over time. There is a lot of opportunities attached to that. So if you look at how we've sort of structured the balance sheet and how we've structured capital returns, for instance, this year, between buybacks and dividends, we came into the year with a plan that sort of in total would have us buying back or paying dividends more than $5 billion.

We have subsequently added another $2.5 billion to that, that we said after we get the shareholder approval from Time Warner Cable we will add another $2.5 billion to the existing buyback plan. So really substantial buyback capacity, but also in the context of a balance sheet that is investment grade and that really has been, I think, a core strength for us.

If you looked at the last several years and what this has afforded, it affords you the opportunity to go through credit cycles and business cycles and really be opportunistic. I think NBC fit squarely in that. It also affords you the opportunity to have an equity currency that sits on top of a balance sheet that people really trust and from what we have seen is a trusted currency in acquisition terms. And I think Time Warner Cable plays right into that this year. So that is probably the first thing.

Second is this is tougher to quantify as an analyst, but customer service is something that I can tell you gets a ton of attention internally. We have -- between truck rolls and agent-handled calls and every other sort of touch point, we do roughly 300 million interactions per year. And there is a lot of good things going on with customer service, but there is also -- because of that sheer volume, there is going to be some things that go wrong every once in a while and that tends to really take on a life of its own and maybe get sort of disproportionate mind share.

I can tell you internally -- and this is where it is difficult as an analyst to really put a number into that and really put that into your model, but internally it is something we are just incredibly focused on and focused on improving.

Finally, the integration process. Probably something externally where you sort of think about the Time Warner Cable deal and then the transactions in the divestiture transactions. From an analyst perspective, there is a lot of work that goes into figuring out accretion, dilution, what does the pro forma balance sheet look like, etc. The good news is at some point you have the opportunity to move on.

Inside the Company that is not at all the case. There is a huge amount of work going on behind the scenes in terms of integration planning and I think when we announced the second-quarter results, Brian Roberts, his opening comment was -- in an environment where there is a lot of opportunity for distraction we think we've performed really, really well in the cable business.

And I think what' the amount of detail that sort of lies behind that statement is interesting. I can tell you sort of seeing this integration process firsthand this is a massive undertaking, but the Cable group has, I think, done a tremendous job. I can tell you all of us are being pulled into this at this point, but we are really trying to do the best job possible, positioning ourselves to obviously absorb a very large asset.

Brett Feldman - *Goldman Sachs - Analyst*

Okay, great. So let's talk a little bit about getting the deal closed, particularly the regulatory process and the shareholder approval process. I think we have a few dates on the calendar so maybe we can get an update there on the approval standpoint.

And then I will just -- I'll give you a little background. We did a regulatory discussion this morning; there was a prediction that this would close something in the timeframe of April. I am not sure if you put an updated timeline out there, but we would be interested in your thoughts on that as well.

Jason Armstrong - *Comcast Corporation - SVP, IR*

Yes, so the Time Warner Cable deal just stepping back. I actually looked at last year's transcript to see what questions I had asked about this, because if you put yourself back a year ago there was a whole lot of talk about a lot of other industry participants in cable M&A, but Comcast was sort of noticeably absent from the conversation.

And so when I was interviewing Michael Angelakis I think I circled back to the question two or three times, which may have annoyed him at the end of the day and he still reminds me of that on a daily basis. But the root of the question was if you look at Comcast and balance sheet flexibility, programming, rate card opportunities in terms of scale, technology leadership in the form of X1, is there really a better acquirer in this space? It seems like there is so much value you could add to being an acquirer, yet in all the consolidation conversations at that point it seemed to be everybody else.

So here we are a year later. We are obviously in the approval process for Time Warner Cable. There is probably a couple different things to think about.

First is the shareholder approval process, which we have made a lot of progress on recently, so we were able to go final on our S-4 filing which allowed us to set a date for a shareholder meeting. October 8 is our shareholder vote; October 9, the very next day, is Time Warner Cable's shareholder vote.

The separate part of the process is the regulatory process and I think the -- there is obviously a lot of focus on the FCC and what their timeline is. They started the 180-day shot clock, which really opens up the comment period, on July 10. That opens up a first round of comment period that basically ran through August 25.

There were a large volume of comments, as you can imagine. After that, there is a reply period, which we are in right now, which we are formulating replies. That runs through September 23 so that is when you would expect to see more from Comcast and the parties of the transaction in terms of replying to the initial comments. And then there is another round after that where it is replies to the replies. That runs through October 8.

So what we can tell from the FCC process, their 180-day shot clock is ongoing. It is pointed towards January 6, technically. That is to the extent they don't stop and start along the way, which they very well may do. There is a historical precedent for that.

What we have said most recently in our filings is we expect to close in early 2015. I think at one point we had said late 2014, so it has obviously moved back a little bit. The root of this is the divestiture transactions that we have entered into.

That has added a little bit more complexity to the process, but I think if we step back, it is really -- those are transactions that add certainty to what we are doing from a regulatory perspective where we can -- instead of a commitment to do divest 3 million subs, we are coming with an actual plan to divest closer to 4 million subs and a real holistic framework around that.

Brett Feldman - *Goldman Sachs - Analyst*

Have you gotten any feedback from the regulators that because they had another large transaction -- the AT&T transaction -- that that impacts their timeline or are they not quite that transparent with you?

Jason Armstrong - *Comcast Corporation - SVP, IR*

I don't -- I think we are optimistic that each deal sort of stands on its own merits, so I don't think there is a sense that this materially delays us.

Brett Feldman - *Goldman Sachs - Analyst*

You mentioned the Charter transactions as an incremental layer of what is happening. There is a lot of moving pieces in getting these deals done. There is pro forma EBITDA; there is carve-out EBITDA. Deal terms need to be finalized.

Can you just update us, where are we? What is the next thing we are waiting for other than approval in terms of knowing how these companies will be structured post transaction?

Jason Armstrong - *Comcast Corporation - SVP, IR*

So stepping back, the reason for doing the series of divestitures that we are doing -- we had originally committed to $3 million. We will end up at a bigger number than that between swaps, spin, and sales. It's fairly obviously a complex series of transactions.

The benefit to doing it the way we did is -- there is several of them. Number one, there is significant tax benefits to the structure we put in place. The majority of this is in the form of a spin, which we have put a name to recently.

The sale is generally going to be architected with higher tax basis assets, so we have tried to put together a framework that really minimized the tax leakage in this deal. I think the real operational benefit is the clustering benefit you get. We are going to have almost complete city coverage in a number of really big markets, so from an operational efficiency perspective there is a lot of benefit associated with that.

I think, if you have tracked our filings over the past several months, we have had several revisions to the S-4. In there we have given a view on carve-out financials that continues to get more refined over time and actually we will continue to do that this year until we have sort of full audited financials. The differences more recently haven't been all that large and so what we are trying to narrow down is getting to system-level EBITDA, really get the parameters around what is going where and what the ending sort of operating cash flow or EBITDA looks like.

There is still some nuances around that; we are refining it and the differences are smaller and smaller every round. What we have, though, is sort of a governing factor that sort of acts as a true-up. We have agreed on the multiple, which is 7.125 times, so to the extent there is any gap in operating cash flow the true-up is really based on that.

Brett Feldman - *Goldman Sachs - Analyst*

Got it. Let's talk a little bit about what happens after the deal closes, particularly the Time Warner deal. You have talked about synergies. You are targeting $1.5 billion in operating synergies, $400 million in CapEx synergies.

Quick recap, where do you see the biggest sources of the synergies? And I think what is of even greater interest is how quickly can we start to see those synergies flow through? What are the areas that represent the lowest-hanging fruit?

Jason Armstrong - *Comcast Corporation - SVP, IR*

So just as a reminder, we pointed to $1.5 billion in operating expense synergies, $400 million in capital synergies. The operating synergies we sort of talked about in the context of a three-year timeframe. We did say we expect it to actually be front-end loaded, which I think is probably rare in a transaction of this size, but it is definitely what we would expect. So we said approximately 50% should be achieved in year one.

That gets to your question of what is easier and what is more difficult. The easier categories are corporate overhead, marketing, etc. I am sure that is not any large surprise.

The tougher things are operationally backbone, network sort of moving onto one backbone. Moving on to one CDN platform, for instance, one IMS platform, those are the things that you would probably put at the other end of the curve in terms of being more difficult.

Brett Feldman - *Goldman Sachs - Analyst*

Are those the biggest differences between the companies? It would seem that sort of taking best practices would be the ultimate achievement of this merger.

Jason Armstrong - *Comcast Corporation - SVP, IR*

Yes, I think there is obviously not just an operating expense reason to do this merger. I would argue probably the bigger reason to do this merger -- and we have talked about this -- is revenue synergies, but the combined operations can just execute it potentially at better levels.

The puts and takes of these two companies, I would tell you, we would fall back on what has -- what is a formula that has worked and residential we think we've had a great formula relative to the operating momentum we have seen in the last couple years. And what created that was a decision several years ago to be early to the market with all-digital, early to the market with DOCSIS 3.0, and then really put a terrific platform around that. So our X1 platform, which a lot of other companies are trying to license at this point, is a terrific platform and it really is differentiated.

Those are sort of the three things you invest in upfront, and then having a content lineup that sits behind that that we think is differentiated and unique. So you package that together, that is what's, I think, really benefited the residential performance and we have got a very good formula for that.

Business services, I think there is going to be very large opportunities as well across small business, medium-size business even enterprise, which is a market we generally don't operate in right now but can with the combined footprint. Medium-sized business, actually Time Warner Cable has greater penetration than we do. They have done some interesting acquisitions in that space including a Company called NaviSite that potentially introduces us to new capabilities that aren't part of the existing set of capabilities we have.

So we'll get in there, evaluate, figure out if that is something we can leverage across the broader platform, and there is going to be benefits from both sides.

Brett Feldman - *Goldman Sachs - Analyst*

Another aspect of this is thinking about the capital structure, the uses of cash, rewarding shareholders after the deal closes. You're going to be just a little above your leverage target when the deal closes. You have generally talked about being in the 1.5 to 2 range, so you will be slightly ahead of that.

You have talked about an authorization or intending to increase our authorized share repurchases by $10 billion after the deal closes. Should we expect a different philosophy either around how leverage is managed or how you use cash to reward shareholders after the deal closes?

Jason Armstrong - *Comcast Corporation - SVP, IR*

I think from a leverage perspective we have been very transparent for a pretty good period of time that the leverage profile we are targeting over the medium-term is 1.5 to 2 turns. Right now it looks like we will end the year sort of pro forma, including Time Warner Cable and a series of divestiture transactions. We will end somewhere around 2.2.

This is a business that allows you to deleverage pretty darn quickly, along with doing everything else you want to do, so if you look at underlying operating cash flow growth, total free cash flow, and how quickly you could delever the business based on those two metrics, it is very quick and it actually allows you a lot of flexibility in terms of capital allocation. So what we did this year is we raised our buyback 50%, we raised the dividend 15%.

As we think about 2015 and what the opportunities are, I would say there is probably two buckets to think about. One bucket, which is more sort of one time in nature will be what we do in terms of the divestiture transactions, because we have committed to making those transactions leverage neutral. So if you think about the amount of operating cash flow that is disappearing sort of holistically, it is roughly $3 billion that we have put in the slides.

So you put our leverage profile on that and that would tell you how much we have to delever, and then the rest is available to come back to shareholders. And so, obviously, there has been a lot of attempt at sort of quantifying that but I would just step back and point out that is sort of one bucket of returns that have more of a one-time element to them.

And then there is the normal course of business bucket, which we are doing $3 billion this year. We are adding another $2.5 billion post the shareholder votes and that, in some respects, is replacing what Time Warner Cable couldn't do over the course of the year. But as you think about 2015, we have had a pretty consistent framework of free cash flow. Minus the dividends that gives you sort of, from a residual perspective, what is left over and there is going to be a good percentage of that that comes back to shareholders in a buyback.

Brett Feldman - *Goldman Sachs - Analyst*

Great. Well, let's get into core operations and you alluded to X1 a little bit earlier. First of all, just to remind some people in the room, maybe generally, exactly what is X1?

Jason Armstrong - *Comcast Corporation - SVP, IR*

So X1 is our operating platform. A lot of our new boxes going out area X1 boxes. The benefit of X1 -- these are IP-enabled boxes that are very easy to upgrade -- we are actually -- most people don't know it but they are actually on the X2 platform at this point, which is literally just a software upgrade and a push down to existing boxes. Something that literally was a toggle that took 8 seconds to upgrade and you had sort of a brand-new platform and user experience.

Brett Feldman - *Goldman Sachs - Analyst*

Got it. You have talked about accelerating the rollout. It has been very well received by your customers, so can we get some numbers around this? Do you have a targeted penetration level? Do you have a net add level? How do we assess the extent to which you are making progress getting this application into your customer base?

Jason Armstrong - *Comcast Corporation - SVP, IR*

Yes, I think we are -- we have a commitment to this being in the majority of our subscriber base in a three-year timeframe. And we said that at the beginning of 2014, so that is effectively an end of 2016 target.

I think we have given a number of data points around this which still, admittedly, require some triangulation, but what we have said is roughly 1 million subscribers at the beginning of this year. On the first quarter call, which was in April -- and this is an April data point, not an average first quarter data point, but the April data point was that we were doing 15,000 to 20,000 boxes per day. And then in the second quarter we said from a net-add perspective we had twice as many X1 net adds in Q2 as we did in 1Q. And 1Q was also double the rate of 4Q.

I realize that is a lot to triangulate, so just stepping back and maybe putting this in more simple terms, I think the bottom line message is that the percent of the base is still small, but in the most recent quarter we have gotten to a very healthy run rate and we're pointed to having this in the majority of the base by end of 2016.

Brett Feldman - *Goldman Sachs - Analyst*

Then just the big picture objective associated with X1. Is this about increasing customer life value? Is it about lowering churn? Is it about gaining share? What is the real benefit of layering this level of application capability on top of your network?

Jason Armstrong - *Comcast Corporation - SVP, IR*

Yes, I think the -- it benefits sort of holistically in customer lifetime value. And so a big chunk of that -- the majority of this sort of accrues to what the customer experience is. What we are seeing and what we have talked about initially -- we have had X1 in a number trial markets at this point for well over a year, so we have got pretty good time series data.

What we have seen is voluntary churn for X1 subscribers sort of apples-to-apples relative to the rest of -- the comparable base is down 20% to 30%, so it has really moved the needle. We have seen video on demand pickup. We have actually seen linear viewing pick up, so sort of holistically people are watching more TV on this platform.

We have seen DVR penetration go up. As I mentioned, VOD is up; transactional VOD is a part of that, which is something you can monetize, is up. So there is a lot of categories where increasing usage presumably would lead you to drive potentially better ARPU over time.

There is churn benefits that I talked about and then there is sort of the -- what does Comcast get out of this from an expense perspective? And just -- we just talked about so it is an X1 box that has been upgraded to an X2 platform or experience, if you will. That was something that was a software upgrade pushed down from a headend into a box.

These are boxes that, because of the connectivity should -- this should help change the obsolescence factor of these boxes, number one. And number two, over time, the goal is taking more and more of the brains out of the box and putting it back sort of further into the cloud. That is going to require -- obviously, that is a transition from in-home equipment and in-home spending to capacity spending and then cloud architecture spending.

We wouldn't be moving down that path unless we thought holistically that is actually a very good trade-off for us. So I think there is -- long run in terms of capital intensity of the business, there should be benefits as well.

Brett Feldman - *Goldman Sachs - Analyst*

Got it. Let's talk a little bit about what is going on in the competitive environment right now. How do you size up competitive intensity? I am particularly interested in what you are seeing from telcos, notably FiOS and U-verse, versus the satellite guys. Are you seeing changes in behavior? Is someone being more aggressive or less aggressive?

Jason Armstrong - *Comcast Corporation - SVP, IR*

So I think the telco overbuilds -- we are at this point 50% overbuilt between the multiple telco overbuilders that we see. So 50% overbuild in terms of them being able to provide through a facilities-based TV. I think what you would see in that particular segment is when telcos have made the investment to install fiber into the home and have done in-home wiring, etc., they are very aggressive about keeping those subscribers. As you can imagine, there is a lot of sunk costs in the home all of a sudden.

Saying that, if you step back and think about the satellite in telco as a whole, this flag-bearer products have been in the range of $80 to $90 promotional triple play, sometimes with additional promotions on top of those in terms of gift cards, etc. That is present in the third quarter; it was present in the second quarter, so I don't think there is much of a change.

I would say I think we are competing very, very well against that. So it is a competitive environment, but we are competing well. We've -- from a video perspective, year-over-year video subscribers have been better 13 out of the last 15 quarters.

Broadband -- 2013 we added more broadband subs than we did in 2012 and 2012 was better than 2011. You have seen that over the course of this year and momentum continues. I think the one nuance probably about 3Q is it probably indexes more to double play than it does triple play and there is a back-to-school element to that. But from a broadband and video perspective you have seen us make pretty significant improvements over time.

Brett Feldman - *Goldman Sachs - Analyst*

Another factor you have to deal with in terms of external pressures on the business is dealing with the economy. Do you feel like the economy is still a headwind on the business? Broader macro trends feel better, but it depends on who you ask.

Another factor is cable prices continue to go up because content prices continue to go up. Are we at a point where this is becoming maybe a bit too much of a stretch for the customer to pay for, particularly without the economy accelerating?

Jason Armstrong - *Comcast Corporation - SVP, IR*

I think the -- one of the things we monitor pretty closely as it relates to economic activity and impact on our business and when does this ultimately housing growth become a tailwind to subscriber trajectory, one of the things you would closely monitor is an element of our capital spending that's line extensions. So basically extensions in the newbuilds, new construction, etc.

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I would tell you we have rebounded off the bottom in terms of line extensions capital spending. Saying that, we are still less than half of the level of 2007 so there is still a long ways to go. I don't think anybody is sort of claiming this is a material tailwind to our business at this point, but there is sort of minor improvements off the bottom.

In terms of consumers' ability and willingness to pay and our ability to put in place price increases, I would step back and say, if you look at the different programming or price points we have, we have got low-end price points in the form of Internet essentials that has gone after sort of specific community that qualifies for it. We've got an Internet plus product out there at this point that is broadband plus local channels plus HBO that goes after a certain demographic as well.

And then, holistically, I think you have got to be focused on adding utility to the customer every single year. If you step back five years ago or 10 years ago and think about where we are now, broadband speeds increased 13 times in the last 12 years. Some of the fastest speeds into the home, the fastest Wi-Fi gateway into the home, additional utility in the form of access to we think there could be 8 million hotspots by the end of the year. So the broadband -- what we are offering now versus what we have previously offered, I would argue, there is a heck of a lot more utility attached to it.

And then from a video perspective, we have not been shy about going after really aggressive programming costs, programming that really rounds out the portfolio and helps us with TV Everywhere, which is inside the home, outside the home; a very deep content bench in terms of the video-on-demand we have. So the utility to the average consumer that we think we have put together has, we think, more than outweighed the price increases. There is obviously going to be a utility curve you have to ride and you have to keep adding to this, but that's given us the ability, I think.

Brett Feldman - *Goldman Sachs - Analyst*

Just sticking with programming costs, these continue to inflate 8% to 10% a year. How long do you anticipate that level of programming cost inflation to persist? What is really behind it? Is it just sports and retransmission or is it more nuanced than that?

Jason Armstrong - *Comcast Corporation - SVP, IR*

We guided 9% to 10% growth this year. We subsequently revised that on the 2Q call and just said we were going to be slightly below that, I would emphasize slightly, through the first half of the year. I think if you add the first and second quarter it would be 7.8% growth, so you can -- that gives you a pretty good construct to work with.

The root of the programming cost inflation -- there is actually a number of things contributing to it. We have gone after additional rights; we have gone after video on demand at this point. We have the top 100 Nielsen-rated shows are all available on demand on our platform and the majority of those are actually available full season at this point. It is not just the last three or five episodes; it is full season.

We have gone after rights in-home. We have every channel effectively available in-home on different devices and we have over 50 channels available out of home, which over indexes to news and sports and channels with very high viewership. That is one of the buckets.

There is retrans, which we obviously on the flip side benefit from at NBC, but this is a category where it has come from zero and now all of a sudden people are being paid more and more. And there is still actually a lot of broadcast affiliates that the number is still zero and so when they reset it is not to $0.10 per sub per month, it is to market rate. So that has been a constant source of pressure in the business.

Then the final category you mentioned, sports inflation obviously. There is very large numbers attached to that; there are also new launches. We have had one recently that sort of adds to the programming cost pressure we have seen.

It is our largest cost bucket; it is growing at 9% to 10% per year, maybe slightly below that. So it is obviously a big category and we are really focused on it, but at the same time this has improved what we have been able to offer from a video perspective and we think really moved the needle. And it has been very differentiated.

Brett Feldman - *Goldman Sachs - Analyst*

Well, to the extent it has been proactive then, meaning you have been seeking better content and more rights, do we get to a point anytime soon where you have captured all of that value and maybe you don't have the same incremental headwind? Maybe we get to run rate?

Jason Armstrong - *Comcast Corporation - SVP, IR*

I hope so; everybody hopes so. The underlying cost pressure that you see, there are still, as I mentioned, on the retrans side. If you look at our own retrans pipeline on NBC and what CBS has talked about publicly in terms of their opportunity on the cable side of the business; we sit on the other side of that.

So they're -- from a retrans perspective, it's still going to be in pressure. From a sports perspective, you come in and all of a sudden there is new channels, there is must-carry channels, and those are tough to predict over time. You would love to say, yes, but there are additional things that pop up that would keep the pressure on programming costs.

Brett Feldman - *Goldman Sachs - Analyst*

You mentioned the continued growth of the broadband business earlier. You have done over 1 million broadband net adds for a significant number of years. Do you view that to be a sustainable run rate for the time being?

Jason Armstrong - *Comcast Corporation - SVP, IR*

Yes, we have done over 1 million for 8 straight years. 2013 we did roughly 1.3 million additions. That was more than we did in 2012 and that was more than we did in 2011.

So, yes, we -- I guess stepping back we are 39% penetrated in terms of our homes passed with a product that offers very fast speeds into the homes, the fastest Wi-Fi, and increasing utility through a hotspot footprint that touches a lot of homes and a lot of public access points. So we feel good about the total market.

Total market is roughly 70% penetrated. Compare that to video penetration at this point. Video penetration is about 85% to 90%, so that would suggest there is room for the total market to expand.

And our positioning relative to peers -- I think we have been taking market share for the last few quarters, actually for the last few years -- I think everything we are doing around speeds, Wi-Fi hotspots, etc., and increasing the utility would suggest that we are optimistic about continuing to take share as well.

Brett Feldman - *Goldman Sachs - Analyst*

Got it. You are doing a fiber-to-the-home trial in Florida. How do we think about Comcast and maybe putting more fiber into its network?

Jason Armstrong - *Comcast Corporation - SVP, IR*

Maybe I nuanced it a little bit. There is sort of a one-off going on in Florida that I think the press picked up on. That is not part of some broader strategy, at least at this point. We are indeed pushing fiber farther into the network every single year, but in terms of going to the actual home or actual premise, that is something we have generally stopped short of.

Saying that, the pipeline from here, to the extent we need to keep increasing our broadband speeds, which we do, we feel very comfortable with the technology roadmap, which is from a box perspective, MPEG-4, from a technology -- cable technology perspective, DOCSIS 3.1, which we think is available end of next year, maybe beginning of 2016. And that is a technology that we think increases capacity in our network by 50%-plus.

So we think we have got a roadmap to much greater speeds. DOCSIS 3.1 I think realistically there could be gigabit speed offerings attached to that, so we think the roadmap we have is really sufficient.

Brett Feldman - *Goldman Sachs - Analyst*

I want to come back to a point you referenced before, the continued Wi-Fi deployment that you are seeing in your network. It seems that anyone who has a really big and fast broadband network by definition has a big and fast Wi-Fi network; they just haven't built it all yet.

And so how do we think about watching as you layer more Wi-Fi endpoints on said network and maybe getting to the point where you can do something more with it, potentially by taking advantage of the MVNO rights you have with a couple of major wireless carriers?

Jason Armstrong - *Comcast Corporation - SVP, IR*

Yes, we get this question a lot, for obvious reasons. I think -- our intention is to have a really large hotspot footprint out there, but we have talked about 8 million by the end of the year. We have got -- I think on the latest call we said just under 4 million and it gets back to adding utility to the customer.

So we have been fairly aggressive about deploying integrated wireless gateways, which are all dual SSID, which allows you to have sort of a public portion of the network in-home. And so as you think about the evolution -- as you mentioned, we have MVNO rights with two carriers -- it positions us to at least have optionality.

We sit adjacent to the wireless market, which is a $200 billion addressable market where we, in our view, increasing consumption in video. We are obviously doing a lot with TV Everywhere rights and trying to increase mobility, mobility of content. Right now, from what we can generally tell, you seeked out a wired access footprint as quickly -- even traditional cellular networks, as you know, are actually truly wireless for a very small percentage of the time.

And so can Wi-Fi play a greater role in that if you have got more hotspots, more sort of ubiquity in the footprint, easier authentication, easier handoffs. Yes, we think it can play a role over time and good news is we have aggregated and MVNO rights on top of this that just further increase the optionality we have in the space.

Brett Feldman - *Goldman Sachs - Analyst*

Is there a timeline you are trying to make more interesting decisions around or is it just get more Wi-Fi out there for the time being and see how it goes?

Jason Armstrong - *Comcast Corporation - SVP, IR*

Yes, think for right now it's get more Wi-Fi out there. I think we will have an interesting opportunity when we close Time Warner Cable. That is a brand-new set of assets and geographies to think about extending the strategy into and leveraging our current base, but for now I think that is the priority and your optionality around this business only increases if you are doing that.

Brett Feldman - *Goldman Sachs - Analyst*

You mentioned Time Warner Cable, that is a great segue here. They do very well in the enterprise space or the business side of this industry. Talk about the growth you've see there; it's been one of your highest growth businesses. And then do you see a potential to really maybe improve that further once you have integrated Time Warner?

Jason Armstrong - *Comcast Corporation - SVP, IR*

I think business services is approaching right now about $4 billion revenue run rate. The majority of that revenue is small business and leveraging our existing infrastructure.

That business is -- we think we are 20% penetrated in a $10 billion to $15 billion addressable market. If you move up to a little bit bigger size, midsize business, we are, we think, 5% penetrated in a similar size addressable market, so $10 billion to $15 billion. There is plenty of running room in both of those categories.

The law of large numbers obviously starts to catch up with you, but the reality is we have grown absolute dollar revenue in this business to -- another situation, 2013 was bigger than 2012, which is bigger than 2011, so the absolute dollar amount is -- in terms of growth, has increased every year. So I think this -- it is a terrific story. I think when you add in Time Warner Cable you can start to think about serving an even larger business where we have 0% penetration at this point.

So it is a brand-new opportunity. It is -- right now you can imagine limitations in what is on-net versus off-net, having to work with multiple partners. To the extent you have the majority of an offering on net where it is multiple branch offices, all of them happen to be on your own network, there is one sales contact, that is what we think is probably a sales process that is easier than what we would have on our own. So pretty big benefits as it relates to Time Warner Cable and what that could mean for the enterprise market. We think that is another $15 billion to tack on to the addressable market for us.

Brett Feldman - *Goldman Sachs - Analyst*

You have talked about a lot of aspects of the Cable business, both on the commercial side and on the residential side that are growing. Growth usually leads to investment. We have seen CapEx investment step up a little bit, particularly as you have moved ahead with X1 in wireless gateways.

What is the outlook for CapEx from here? Do you think you need to go to a higher investment level? Are you comfortable with where you are or could you even see some of that come down a bit once you have completed some of these initiatives?

Jason Armstrong - *Comcast Corporation - SVP, IR*

Look, we raised capital intensity or our outlook for capital intensity this year. Last year in the cable business we were 12.9%; this year we guided to something closer to 14%. The incremental dollars are predominately spent on X1, wireless gateways, and business services.

I think, arguably, every single one of these has an offensive element to it. Certainly business services, where we are seeing very strong growth. X1, given sort of the change in the economics per subscriber, what it might mean for ARPU for churn for the lifetime of boxes, the obsolescence factor, there is really sort of an offensive elements to that. And wireless, putting gateways into home at sort of a more accelerated rate, what that does is open up a lot of optionality over time and that is something that has a lot of utility to the consumer.

So I think stepping back we will see. We took a stair step this year and we gave you a 3-year trajectory, especially for X1, and we are at a pretty darn healthy run rate right now.

Brett Feldman - *Goldman Sachs - Analyst*

Got it. Well, let's get to NBC. We've got a little bit of time left, so I want to make sure we talk about that.

You have already shown a lot of progress monetizing the content gap that you sort of saw when you bought the asset. How much more progress do you think you can make at NBC in terms of really getting fully paid for the content that you think you are delivering to the market?

Jason Armstrong - *Comcast Corporation - SVP, IR*

I think NBC, if you step back -- and this gets back to the optionality we had and flexibility -- balance sheet flexibility in allowing us to do a deal at potentially a challenging point in the credit and business cycle for others. NBC's operating cash flow is up more than 70% since we did the deal, so it has been a really good story to date.

The good news is, if you think about things that would drive future outperformance, a lot of them are still in place, so there is a relatively large monetization gap versus peers and that crosses broadcast, that crosses cable. It shows up in advertising in the form of CPMs relative to peers. It shows up in affiliate fees. It shows up in retrans revenue on the NBC side, so that relative to the rest of the industry actually gives us a great trajectory to work from.

I think the most recent example of progress we have made towards that is the upfronts in particular on broadcast where holistically we think we have closed maybe 10% of the -- the monetization gap was 20% initially. It is more like 10% at this point on CPMs attached to broadcast advertising, and that is a direct result of the progress we have made in broadcast.

We were ranked number four in the not-too-distant past. This past year in the 18-to-49 demo we were ranked number one and that was really helpful from an upfront perspective. That, combined with cross-selling broadcast and cable, put us in a very advantageous relative position.

Brett Feldman - *Goldman Sachs - Analyst*

So even though you have had this big step function, particularly most recently in the upfront, you still think there is plenty of runway as we go into 2015 and beyond to show progress at NBC?

Jason Armstrong - *Comcast Corporation - SVP, IR*

Yes, absolutely. But from an affiliate fee perspective, from a CPM perspective, there are still gaps relative to peers that similarly -- either similarly-rated networks for what should be similar CPMs, there is still a gap. From a relative perspective, we feel very comfortable with the opportunity.

Brett Feldman - *Goldman Sachs - Analyst*

Great. Well, we ran out of time, Jason. It's been fun having you back at the conference.

Jason Armstrong - *Comcast Corporation - SVP, IR*

Yes, thanks, Brett. Good luck.

Important Information For Investors And Shareholders

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. In connection with the proposed transaction between Comcast Corporation ("Comcast") and Time Warner Cable Inc. ("Time Warner Cable"), Comcast has filed with the Securities and Exchange Commission ("SEC") a registration statement on Form S-4, including Amendments No. 1, 2, 3, 4, 5 and 6 thereto, containing a joint proxy statement of Comcast and Time Warner Cable that also constitutes a prospectus of Comcast. The registration statement was declared effective by the SEC on September 5, 2014, and Comcast and Time Warner Cable will commence mailing the definitive joint proxy statement/prospectus to shareholders of Comcast and Time Warner Cable on or about September 9, 2014. INVESTORS AND SECURITY HOLDERS OF COMCAST AND TIME WARNER CABLE ARE URGED TO READ THE DEFINITIVE JOINT PROXY STATEMENT/PROSPECTUS AND OTHER DOCUMENTS FILED OR THAT WILL BE FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION. Investors and security holders may obtain free copies of the registration statement and the definitive joint proxy statement/prospectus and other documents filed with the SEC by Comcast or Time Warner Cable through the website maintained by the SEC at http://www.sec.gov. Copies of the documents filed with the SEC by Comcast are available free of charge on Comcast's website at http://cmcsa.com or by contacting Comcast's Investor Relations Department at 866-281-2100. Copies of the documents filed with the SEC by Time Warner Cable are available free of charge on Time Warner Cable's website at http://ir.timewarnercable.com or by contacting Time Warner Cable's Investor Relations Department at 877-446-3689.

In addition, in connection with the proposed transaction between Comcast and Charter Communications, Inc. ("Charter"), Charter will file with the SEC a registration statement on Form S-4 that will include a proxy statement of Charter that also constitutes a prospectus of Charter, and a definitive proxy statement/prospectus will be mailed to shareholders of Charter. INVESTORS AND SECURITY HOLDERS OF COMCAST AND CHARTER ARE URGED TO READ THE PROXY STATEMENT/PROSPECTUS AND OTHER DOCUMENTS THAT WILL BE FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Investors and security holders will be able to obtain free copies of the registration statement and the proxy statement/prospectus (when available) and other documents filed with the SEC by Comcast or Charter through the website maintained by the SEC at http://www.sec.gov. Copies of the documents filed with the SEC by Comcast are available free of charge on Comcast's website at http://cmcsa.com or by contacting Comcast's Investor Relations Department at 866-281-2100. Copies of the documents filed with the SEC by Charter will be available free of charge on Charter's website at charter.com, in the "Investor and News Center" near the bottom of the page, or by contacting Charter's Investor Relations Department at 203-905-7955.

Shareholders of Comcast and Time Warner Cable are not being asked to vote on the proposed transaction between Comcast and Charter, and the proposed transaction between Comcast and Time Warner Cable is not contingent upon the proposed transaction between Comcast and Charter.

Comcast, Time Warner Cable, Charter and their respective directors and certain of their respective executive officers may be considered participants in the solicitation of proxies in connection with the proposed transaction between Comcast and Time Warner Cable, and Comcast, Charter and their respective directors and certain of their respective executive officers may be considered participants in the solicitation of proxies in connection with the proposed transaction between Comcast and Charter. Information about the directors and executive officers of Time Warner Cable is set forth in its Annual Report on Form 10-K for the year ended

December 31, 2013, which was filed with the SEC on February 18, 2014, its proxy statement for its 2014 annual meeting of stockholders, which was filed with the SEC on April 29, 2014, and its Current Report on Form 8-K, which was filed with the SEC on June 13, 2014. Information about the directors and executive officers of Comcast is set forth in its Annual Report on Form 10-K for the year ended December 31, 2013, which was filed with the SEC on February 12, 2014, its proxy statement for its 2014 annual meeting of stockholders, which was filed with the SEC on April 11, 2014, and its Current Report on Form 8-K, which was filed with the SEC on July 1, 2014. Information about the directors and executive officers of Charter is set forth in its Annual Report on Form 10-K for the year ended December 31, 2013, which was filed with the SEC on February 21, 2014, its proxy statement for its 2014 annual meeting of stockholders, which was filed with the SEC on March 27, 2014, and its Current Report on Form 8-K, which was filed with the SEC on May 9, 2014. These documents can be obtained free of charge from the sources indicated above. Additional information regarding the participants in the proxy solicitations and a description of their direct and indirect interests, by security holdings or otherwise, are contained in the definitive joint proxy statement/prospectus of Comcast and Time Warner Cable filed with the SEC and other relevant materials to be filed with the SEC when they become available, and will also be contained in the preliminary proxy statement/prospectus of Charter when it becomes available.

Cautionary Statement Regarding Forward-Looking Statements

Certain statements in this communication regarding the proposed acquisition of Time Warner Cable by Comcast and the proposed transaction between Comcast and Charter, including any statements regarding the expected timetable for completing the transactions, benefits and synergies of the transactions, future opportunities for the respective companies and products, and any other statements regarding Comcast's, Time Warner Cable's and Charter's future expectations, beliefs, plans, objectives, financial conditions, assumptions or future events or performance that are not historical facts are "forward-looking" statements made within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements are often, but not always, made through the use of words or phrases such as "may", "believe," "anticipate," "could", "should," "intend," "plan," "will," "expect(s)," "estimate(s)," "project(s)," "forecast(s)", "positioned," "strategy," "outlook" and similar expressions. All such forward-looking statements involve estimates and assumptions that are subject to risks, uncertainties and other factors that could cause actual results to differ materially from the results expressed in the statements. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking statements are the following: the timing to consummate the proposed transactions; the risk that a condition to closing either of the proposed transactions may not be satisfied; the risk that a regulatory approval that may be required for either of the proposed transactions is not obtained or is obtained subject to conditions that are not anticipated; the parties' ability to achieve the synergies and value creation contemplated by the proposed transactions; the parties' ability to promptly, efficiently and effectively integrate acquired operations into their own operations; and the diversion of management time on transaction-related issues. Additional information concerning these and other factors can be found in Comcast's, Time Warner Cable's and Charter's respective filings with the SEC, including Comcast's, Time Warner Cable's and Charter's most recent Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Comcast, Time Warner Cable and Charter assume no obligation to update any forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof.