

THOMSON REUTERS STREETEVENTS

EDITED TRANSCRIPT

CMCSA - Comcast Corp at MoffettNathanson Media & Communications Summit

EVENT DATE/TIME: MAY 13, 2015 / 1:00PM GMT



CORPORATE PARTICIPANTS

Brian Roberts *Comcast Corporation - Chairman & CEO*

CONFERENCE CALL PARTICIPANTS

Craig Moffett *MoffettNathanson - Analyst*

PRESENTATION

Craig Moffett - *MoffettNathanson - Analyst*

So thank you all for joining us. I was saying I don't know whether this is truly the opening session or whether the last one was for our summit, but this is the opening session for the webcasting. So for those of you that are joining us by webcast, I want to thank you for being here and for the second annual MoffettNathanson Summit.

What better way to start than with Brian Roberts? Brian and I -- Brian, this is 15 years now that you and I have been doing this, and that's a lot of history.

I opened the last session by saying I was known as the Cable Bull. I didn't have any other name for most people. They just called me the Cable Bull or the Cable Guy. I even had a Cable Guy poster in my office of Jim Carrey, because everybody just said he's the Cable Guy because I liked the cable business so much.

There was a time when that was a much more controversial view than I think it is today. I think people have really come to understand what a good business this is. And that is a great setup for Brian, because I have got to say, if I think about all the stuff that has happened over the last year with the merger attempt with Time Warner Cable, the Title II classification, the move to cord-cutting, and all that sort of stuff -- all of which I think would create this atmosphere of anxiety and tension -- Comcast just turned in what I think is one of the best quarters I've ever seen a cable company deliver.

I was talking to Brian last night and, Brian, you seem more energized about your business than almost at any time. So I guess just as an open-ended question I would just ask you talk about the momentum of your business for a minute.

Brian Roberts - *Comcast Corporation - Chairman & CEO*

Thank you. It has been -- hard to believe it's been 15 years. And I think it's the power of subscriptions. If you had to pick one thing over a long period of time, my dad's theory was always -- he used to be in the men's belt business and he changed to cable because he liked being in the recurring revenue business. So things don't change as fast as we write about or we read about.

Take last week. You're right; we decided to move on and there's not much I can really add to that, but I think we are comfortable with that decision and we are moving on. But we did like the cable business or we wouldn't have tried to buy more cable. But we have a lot of cable. We got great markets, a great company, and that is what happened last week.

Monday's earnings, thank you for saying that. I felt that way. I think Neil Smit is heroic in my minds for staying as focused as we did during a very difficult process and being ready to climb Mt. Everest in terms of integration. And we are going to take all that energy now and apply it to our existing businesses.

We then went to the cable convention, which is no longer called the cable convention. It's probably appropriate to evolve that name. And there we rolled out a suite of initiatives that really demonstrate that timing couldn't have been more perfect for moving on.

My favorite was standing up with the voice remote, which we've demoed for many of you over the last year or so. We just bought 6 million of these and we will give them away like Chiclets here over the next -- that is for this year alone. So all of our best customers, all of our X1 customers going forward, anybody who wants one for free.

Now you take your remote -- my wife and I Sunday night watch Game of Thrones. Every time we do we just go "watch Game of Thrones." And once you get hooked on that it's a magical moment.

We have now -- we are planning to solve coming from the cloud to add to that initiative, "Find Forrest Gump." You're watching Forrest Gump. "How old is Tom Hanks?" "What's the score of the game?" "Give me the latest news." All that can come up and turn the lights down, lock the doors. The journey that we are on from the cloud is so profound that I think we are only just beginning.

So we demoed also our XFINITY Home products where we want to have a more open platform. While we have a fantastic design team now in-house, designing thermostats and lighting controls and locks, we also announced that Lutron, Nest, and August Locks are all partners of ours. And we will be able to use your XFINITY Home app to control all of those products because a lot of us want to use their products, not Comcast's products.

And I think that's a general initiative. We can be the Company that brings you whatever you want to do in and out of your house and do so in a better way. And so that leads to service.

If there has been one part of the merger process that was I think a little, well, overblown, but is being used to rally our organization in a healthy and constructive and necessary way, it would be the criticism of service. A few anecdotes out of 350 million phone calls are not the real test. But that being said, we -- Neil has charged the organization to make the best product our service.

And we took the person who really made X1 happen, all the features and made it from an idea to reality, a guy named Charlie Herrin -- he and I promoted Charlie to be Head of Customer Experience. And we have a roadmap. Then we held a press conference to show all the initiatives, starting with hiring 5,000 more people over the next couple of years, having service guaranteeing every customer we will show up on time.

And if we don't show up on time, and it's now GPS time-based in the truck, we will automatically credit your bill \$20, no questions asked. You don't have to ask for it, you don't have to argue. We were -- there's a reason, it just happens automatically. And that's going to be -- nobody is doing that.

To an app that says where is my tech? I don't call you, you call me. Call me in 30 minutes and here is my number. All of these things are this year initiatives.

And then, finally, how do we --? We have so many products. It changes. I think of -- we hired a gentleman out of Coca-Cola marketing and he sort of said we have seven ad agencies at Coke -- I think I have this right -- and we have the same Coca-Cola we've had for 50 years.

Our products don't -- they change every minute. We have a new update every day of something in the Company. We are a new products company; we are an innovation company. How do we show that and tell that story?

If Coca-Cola needs seven ad agencies to tell us about Coke, what you do to talk about the fact that you can now use your Sonos through your XFINITY Home and you can also control your Nest thermostat and take 5,000 shows on-demand with you and 80 live channels? That didn't exist six months ago.

So we built a prototype store in Chicago, it opens in June, and we brought the press in for an event; had an all-employee broadcast. And it is a major leap forward. We got a very great design firm here out of New York and we have been working on it for over two years to find a way for customers that's fun and interacting. Not a wireless store, not an Apple store, but maybe hopefully something -- the next generation of interactivity with customers coming in.



Now, whether we can do that and whether that works, whether we roll it out everywhere, it's a work in progress. But it was really energizing for our employees, a whole new kind of employees in the store. We have hired from the Best Buys and the Apples and others to learn from their experiences.

And then finally this week, big news with Mike Cavanagh, who many of you may know even better than I know, and his work at JPMorgan and Carlyle, but in particular JPMorgan. We are thrilled to now complement the incredible management team that I think that I'm fortunate enough to have.

Mike choosing to come to Comcast I think is a great vote of confidence for us. He does not know our industry and he will be the first to say that, but he has had an incredibly successful career in managing and leading complicated organizations who want to work together, want to be a leader, who want to be the best at what they do. And I think certainly JPMorgan Chase from where Bank One came from and what Jamie Dimon has achieved is pretty great. He has been there for much of that experience and, of course, was CFO of JPMorgan.

So Mike, with the help of Michael Angelakis, will go through a learning process and then we are very fortunate to have retained Michael Angelakis. We've agreed we got a Michael and Mike; you can go figure who's who. But Michael Angelakis's new initiative is I think really exciting for our shareholders and for the Company with one of the smartest, successful dealmakers working for all of us.

He wanted to do his own thing. We will be the sole investor, along with him personally, and we will have an ability to partner together and look for opportunities to find new growth and new value creation for our shareholders. So a really exciting couple weeks, makes it real easy to sort of pivot and get excited about the second quarter and the years ahead.

And thank you for saying that about the first quarter.

Craig Moffett - *MoffettNathanson - Analyst*

Now I have to ask, because in the preview a short time ago we talked -- there was a slide that talked about love is in the air and all of the focus on dealmaking within the cable industry.

Is one of the takeaways from the Time Warner Cable experience that regulators in the US are just not going to let you get any bigger in distribution? Could you still do small deals or -- and what about content? What about wireless? How do you think about the playing field and what you can do in the US at this point?

Brian Roberts - *Comcast Corporation - Chairman & CEO*

One of the regulators went out of their way to tell me last week every deal is unique. Every situation is unique. You shouldn't draw any conclusions off of one to another in the real world.

So I don't know that you can -- look, we said from the beginning there was going to be a regulatory review; that we didn't want to take a great company and end up with a less great company. The only reason to do this: take a great company and try to make a greater. And somewhere along the line that wasn't going to be possible, so we walked away. We didn't have a breakup fee, as you know.

I think it was worth the try, but I don't feel the need to see us rush out and do something here or elsewhere. We have a great company and if there's anything that I would worry about is having people feel less great about the Company we had a year ago. And I think there's no better person to help lead us than Neil Smit.

(inaudible) probably won't be crazy that I'm telling this story, but I called him up and said, Neil, you were a hero in the military and you probably went into some situations that were suboptimal outcome and you pick yourself up and led to the next success. If there's anybody who can lead an organization, okay, let's move on, it's Neil and I think he is demonstrating that and demonstrated right through the process not to lose focus.

And I think our organization will figure out -- we have so many great products to work on, and we will talk about them, that I'm not feeling the need to rush out and do something.

Craig Moffett - *MoffettNathanson - Analyst*

Let's -- because you really did an extraordinary job of keeping focus during a time when employees obviously had a lot to think about. Let's start with the video business and what you have done with the video business.

If there was one thing that investors quibbled with in your report, it was the video subscriber number. And then we saw the numbers for the industry that said, well, it looks like the whole industry has seen some cord-cutting acceleration. What is your view of that?

Are we looking at sort of an inflection point for the sector overall, where even though you can gain some share maybe relative to satellite, you are just looking at a tougher business? Or do you not see it that way?

Brian Roberts - *Comcast Corporation - Chairman & CEO*

Right this second I don't see it that way. We were 10,000 or 20,000 subs off out of 22 million of where you might have said, oh, that was a perfect quarter. So just put in context what we are talking about. Is there a clear generational shift taking place in how people consume content? Absolutely.

Do we have our head in the sands? I hope when we're done with this conversation people will take away, no, that is a company that has got its head screwed on. But do we actually think that there is massive cord-cutting going on? No, and I think the numbers don't suggest that. Is there reason to be realistic and try to have your products attract on different platforms than just saying watch TV? Absolutely, and I think we're doing that.

Craig Moffett - *MoffettNathanson - Analyst*

You have always maintained that OTT is more friend than foe. Is that still true?

Brian Roberts - *Comcast Corporation - Chairman & CEO*

Well, I've said video over the Internet, so if you want to call that OTT, it is more friend than foe. But I looked at the YouTubes of the world and things that you might not quite call OTT. I also think OTTs is kind of a conceptually flawed name. It is what it is at this stage, but it's not an either/or.

It is not in lieu of. It's not actually going over the top of anything. It's going on our facility and that is the point, which is if I had one dream for how you would run a company -- it's hard to do -- it would be go where the consumer wants to go no matter what the pain is to get there. And if the consumer wants to have a fantastic video experience over the Internet, hopefully we're going to be the Company they choose to do that with.

We were the first to go all-digital. We were the first to take that capacity and go DOCSIS 3.0. Now we're going DOCSIS 3.1. So those that aren't into this is much as I am, that could give us a roadmap to not tens of megabits a second, not hundreds of megabits a second, but gigabits per second and to clear superiority in our products. We were one of the first to embrace Wi-Fi as actively as we did in the home and to redefine what broadband means.

And so when you look at video over the other means or over the top, one of the companies that receives a lot of money from that industry is NBCUniversal. And one of the things that was really lost in the first quarter with all the attention about the merger was the incredible performance of NBCUniversal. Steve Burke, who we've been together for a lot of years, has really -- firmly in charge of an incredible story and turnaround, which, if I can, let me just take you through that real, from my perspective, quickly.

Let's start with broadcast television. Yes, people are consuming on other platforms, but NBC has gone from last place to first place in terms of the 18- to 49-year-old viewer. That's pretty amazing pretty fast. And this is our second year that that is a true statement.

We've been able -- we're just getting going on really getting into the retransmission fee business. We're not the leader; we are a fast follower. We had existing agreements, but when you have the goods, it's going to be a new revenue stream both ways from affiliates and from the distributors.

The cable networks, which we've talked about how that business is changing, again as a result of more competition. There is something like 250 drama series a year on television -- series. You could watch a series every day, so the competition is incredible.

But around the world selling those shows and what's happening around the world and people are wanting all this content, we continue to have a growing business in our cable business but it's very different. But the two success stories right now -- and that is the beautiful thing of having a diversified portfolio and making your bets and investments in management and people -- one is movies, film.

Universal has sort of been less successful in the first couple of years we owned the Company. They had been on a downward trajectory from the time we were doing due diligence. They had changed management teams a couple times.

We are really, really on a great run right now. I know these things are cyclical so we won't always be in this position, but we have changed how we are running the business. We have changed what we are trying to do in making films on the margins.

And Steve and now Jeff Shell and Donna Langley and Ron Meyer and many, many others, we have a philosophy where we are shooting to get into sequels. We are shooting to try to reduce risk on the front end and we are just getting some great success. In the first quarter it was 50 Shades of Grey, highest R-rated movie in history I believe, and now Fast 7, which just crossed \$1.4 billion worldwide. That is the largest movie in Universal's 100-year history by a lot. It's in the top four ever, top three or four ever in terms of movies.

And just the difference --.

Craig Moffett - *MoffettNathanson - Analyst*

I think you said the number one movie in China in history, right?

Brian Roberts - *Comcast Corporation - Chairman & CEO*

Yes. Did \$400 million in China. I was just in China. We are now trying to build a theme park in China. Will there be a Fast ride in China? I suspect so. We are opening one in LA in a month. It's pretty cool.

We have The Minions coming out this summer. You walk around a mall in China and you see Minions all over the place. It was shocking to me, exciting.

So I think if you look at the playbook of a really successful company -- and I think is speaking later this morning, the Walt Disney Company -- we have a lot of those same parts. Whether it's the Kentucky Derby on NBC the last couple weeks ago and the ratings and the way we make it into a mega event for mega hours, not just another piece of sports; or the Olympics.

What NBCUniversal is doing -- and then finally is the theme parks. And the best part of the story actually is what we are doing in the theme parks. If you go to Orlando, there may be no better experience in Orlando than coming to Universal right now.

We got there. They were underinvested, underhoted. We grew 50% cash flow in the first quarter of a 20-year-old business. That is pretty dramatic.

And we see a tremendous opportunity for -- we have a creative team led by Mark Woodbury. Steve and I have been there quite a bit. We are opening Harry Potter in LA. We are looking at opening in Beijing.

So there is an energy. I know it's a little off over the top video, but our broadband business grew 400,000-plus customers in the quarter. Our customer relationships last year grew 350,000. So we are looking at our business; it's this holistic experience and where we are driving this company. And on the margins certain parts of that story get challenged by certain things that are happening and we are quick to react.

I don't think there's another company at the cross-section of media and technology and in this innovation zone. So my goal is to try to attract employees, whether it is a Mike Cavanagh or whether it is a Tony Werner, who is our Chief Technology Officer, or convincing Norman Foster, who is one of the great architects in the world and is doing the Apple headquarters, to do the Comcast Technology Center. He's only doing two businesses in the United States, two corporate offices. He's got 1,000 architects in his firm and he is doing things all over the world; he's only doing two.

We're going to create an environment to attract people to work at all parts of this company, rotate through this company, and have something different than anybody else. And I think that is how we will answer some of these changes that are happening; get great people.

Craig Moffett - *MoffettNathanson - Analyst*

I want to go back to -- you mentioned Disney and I think all of us remember the engine that Disney built of taking animated content and moving it through the parks and creating synergy between the parts of their business that was really unprecedented for anyone before that.

My sense is you are starting to hit your stride a little bit in Comcast about understanding new ways to create some synergy between not just buying NBC well, because you bought it for a good price and you have made a lot of money for your shareholders by buying an asset at a good price, but more than that creating some economic value in the intersection between content and distribution. Can you talk about that a little bit?

Brian Roberts - *Comcast Corporation - Chairman & CEO*

Sure. Even outside of our own family, take the show Empire. I think that on Fox we worked very closely with them to show it on-demand earlier and in ways that had not been done. We have a very nice working relationship.

And Empire's ratings in Comcast markets are like 25% higher than any other markets that Fox has, something that I think, Jason, you said it was an 8 versus a 10 or 10 versus an 8. We've seen that phenomenon with some NBC shows. We've called it Symphony. We are selling it to advertisers as a part of the upfront to certain companies. I think JPMorgan actually bought a Symphony platform.

What we did with the Olympics is why I think the Olympics came to us and said there's only one company that can do this. We don't even want to have an auction. We will sell you many more Olympics, just keep doing it. And I think we have a culture that -- Steve ran the cable company. The acting CFO Anand Kini came out of cable. Maggie Suniewick, who is head of Symphony, worked for Neil, before that she worked at Oxygen.

There is a movement around the Company that is making us Comcast NBCUniversal and I think we've -- Steve worked at Disney. His first job was in strategic planning, working in creating the idea of The Disney Store. And was there in that heyday with the late Frank Wells and Michael Eisner and taking those.

So we've got The Minions this summer. Wait till you see all the little Minions on your TV, on the Golf Channel, on the little NBC pop-ups -- all over the world in a way that no company is quite doing. And I think that momentum -- and it will happen on Comcast cable when you go to your on-demand; you will see go watch Despicable Me.

What we did with the fight recently. We had a marketing promotion between NBC Sports and XFINITY where it went, as we all know, Kentucky Derby, they had I think one of their big golf tournaments that weekend, and the fight that night. We ran a combined spot that it's the best day ever

and it ended with "order the fight." And we used the drama of NBC Sports to help us promote the fight. I think we did better on the fight than your average distributor.

Craig Moffett - *MoffettNathanson - Analyst*

So \$[404] million in sales nationally for the fight, that means you got a lot of sales.

Brian Roberts - *Comcast Corporation - Chairman & CEO*

We got a lot of sales. And we've been building an electronic sell-through machine that we identified another example, Universal Pictures. One of the trips we went out; we always have meetings like this and we said to the head of the studio: what's the number one thing Comcast can do to help your business? And at the time they said we want to -- when a movie comes out on DVD, we would like it to also be available in the cloud.

And we were the first ones to do that between Universal and Comcast. Now pretty much every studio does that with us and others. That is a \$100 million business the first year or the first 18 months. It's not going to change the world here, but we are building a store and that fight is \$400 million or whatever it was in one night, \$600 million in one night, is a reminder that this world changing -- even back to your over the top question.

Steve likes to say, okay, we had Fast 7. They've done \$1.5 billion, give or take, on one piece of content around the world in three or four weeks. There's 5 billion mobile phones and tablets and we are not on -- that content is not available on any of them right now. That is crazy.

Long term, as this world changes, there's going to be opportunities to take great content and have it monetized in new ways. And so I think it's an exciting time, as exciting a time as ever, especially if your company has the resources and the DNA to be able to change, to be able to go with that change and look for opportunities. And that's what I think is my job to hopefully say that this is one of those companies doing that.

Craig Moffett - *MoffettNathanson - Analyst*

But there's some tension there, too, because if you put your NBC hat on for a second, how do you think about the desire to balance maximum distribution when that may mean licensing to OTT competitors of your distribution business? Do you try to manage that or micromanage that (multiple speakers)?

Brian Roberts - *Comcast Corporation - Chairman & CEO*

We were very clear -- look, everybody wants the world to stop. It just isn't ever going to happen that way and we came up with on-demand. Steve and myself, we went from being pay-per-view and what we were really believing was a whole new thing -- at the time somebody dubbed it [filly-vision] -- because we [dreamed] it up and we called it on- demand. Obviously that's now so generic.

We went to show Mel Karmazin, who was running CBS, this great new thing that any show you wanted you could watch. All you have to do is push a button and pulled it up. And Mel said, okay, this -- we were there trying to get 60 Minutes -- and he said I'm going to put my head down on my desk and I'm going to cover my eyes and I'm going to count to 10 and when I'm done I want you guys gone.

It's one of the great -- it says everything about Mel, but it was just fun. But it was everybody wants the world to stop technologically. I just finally caught the bus, just stop. It's not going to happen and that is -- you just have to deal with it, and that's what we have been trying to do.

So that tension -- we didn't buy NBC to say, oh, don't license it to Sony Vue or don't license it to Amazon or Netflix. We've probably done more licensing deals than anybody in the last four years since we bought NBC to Netflix.

It gets you back in that position of, okay, what may be bad over here is good over here. What does the consumer want? What makes the most business sense? And let's try to work together to figure out ways that we can make it have even more business sense and so that is things that we have been doing.

But, no, content -- we know there's going to be multiple ways to distribute a product, but I think this notion that we are headed to a la carte or that everything is going to just unbundle itself here that's not new. It may be getting more play right now and more focus in discussion, but the NFL does not want any home not to see their product and have it, and every time they license it is in a way to do that. There's going to be some changes here, without a doubt, but not, in my opinion, with the rapidity or with some of the draconian fears that are permeating the ecosystem.

Craig Moffett - *MoffettNathanson - Analyst*

Does that bring you closer to the day when you say that on the distribution side of your business you take the Comcast product out of region? It's something that every talks about, except you guys don't talk about it that much, but everybody talks about it when they talk about you. (multiple speakers)

Brian Roberts - *Comcast Corporation - Chairman & CEO*

I guess -- the answer is no. We don't have a plan to do that. We could change at any time, but that's not something that I am focused on.

Right now -- what percent of our triple play? Thank you, you want me to say the proper number, we are broadcasting here. But we have 27% of our triple-play customers have X1. It is substantially less of all of our customers, so somewhere from 27% to -- you can run the math of how many people have triple-play and there are a few double-plays that have X1. So call it less than 20% of our customers get X1, so four out of five customers don't.

We have the -- without a doubt I think everybody won an Emmy award for the operating system. It's the best in the business right now and there was a time when satellite had a better product than cable. They had more high-def channels. They had some content that we didn't have. They were carrying every show in HD and you still fought it out for why you people should buy your product.

We now have, in my opinion, without a doubt the best product, but not everybody is buying our product. But not everybody gets that product; most of our customers don't. We have set a three-year goal to say most of our video customers, majority, will have X1. We are one year into a three-year plan.

And we know the value of reducing churn. The triple-play churn is down 30% with X1, something around that number. Pay-per-view orders are higher. DVR usage is -- and number of outlets, all is higher. Our ARPU is higher. Our churn is lower. That is a great combination. We got to roll that out as fast as possible.

So old-fashioned in that I like to make money. That's what I think shareholders want us to do in the long term, but also in the short term. So I don't know that that's out-of-market -- I don't quite yet know why that accelerates in a good way for our company. I do know getting those other four customers X1 is going to be a great thing and so that's why we accelerated that.

Craig Moffett - *MoffettNathanson - Analyst*

How fast can you do that?



Brian Roberts - Comcast Corporation - Chairman & CEO

I think we've said that we can get a majority of our customers having it within three years. We accelerated last year. We've re-accelerated the rate this year. I believe we were doing, I don't know, 15,000 a day or some big number, at one point higher and getting thumbs up. It keeps accelerating, too, but that's a lot; put that many boxes.

Now what you know is in the first 30 to 90 days, probably closer to 90, there is a gestation period. It's a totally different experience, different remote, different everything. Oh, I didn't get it right; they call us more. And until the service levels, the service gets equalized, it takes a little while. Once it does and all those benefits occur and churn drops and so on.

Now we have a talking remote, just to move 6 million remotes. But it's a great thing. The little icon pops up on the screen, your battery is low. It used to be a phone call.

We have so many improvements coming for customers; it's a very exciting time. So I think job one, stay focused. Do it to our customers; have the best company.

We are not for everybody. We are judging ourselves by customer relationships as well as video, as well as broadband, as well as triple-play and phone, and that allows us to then have all these other products like XFINITY Home and where that is not going.

We have business services, which is -- the last 15 out of 16 quarters was the first- or second-fastest-growing part of the company. So \$4.5 billion run rate business with higher margins and we're 10% to 20% penetrated, so we think lots of growth ahead. So that is where we are focused.

Craig Moffett - MoffettNathanson - Analyst

I'm going to go back to X1 for a second, because you said yourself, and I think everybody in the room would probably agree, for the first time there is really a clear product advantage for your video product. And the telcos seem to be pulling back a little bit from video as they try to sort out what they are doing. Satellite isn't growing anymore and doesn't have the access to the cloud, so I'm going to get Jason to close his eyes for a second and I'm going to see if I can get you to give a little guidance here.

In your heart of hearts, are you going to start growing video subscribers again over the next five years, notwithstanding cord-cutting and all that sort of thing?

Brian Roberts - Comcast Corporation - Chairman & CEO

We just don't know, and even if I knew I wouldn't tell you. But the honest answer is it is a prognostication. What I think we really should do; we certainly have tried to improve our video performance year over year and we have said that we hope to do that again this year. But it's hard.

You have a lot more competition and I don't think video -- I have tried to look at EBITDA and free cash flow from the traditional video business, cable subscription business, and we have taken that from 75% to 25% or I'm not sure. It is a completely different Comcast today on that question. So even the answer has a different effect on life.

But no one likes to not go forward and we are -- we have been reducing that loss and we are certainly going to push forward. I do think there's a lot of satellite homes who can't access the cloud. When Bill Gates invested in Comcast many, many years ago, the thesis was someday interactive -- first of all, 1997 said to me someday you will have more data customers than you do video customers. I have to tell you, in 1997 I didn't know what he was talking about, but I was happy to take the \$1 billion. And this quarter we crisscrossed and we have more data customers.

A lot of people believed in this network. It goes back to your thesis for 15 years and there's times that we were more expensive or we are on sale or we are fairly priced. Given that I have had one thing and I hope to continue to do that one thing, I really don't try to get too hung up on that. Obviously, like everybody else, I know exactly where we are at any moment.

But the real thing is to build a product that is better than anybody else's product. And his thesis, which is clearly now our thesis, is that the two-way technology, which is what he said at the time was going to differentiate us from satellite, is now here.

But I am a happy DirecTV customer. I haven't changed in five years. I haven't ever walked into one of your stores. I never actually played with XFINITY. I've never played with the remote. I've never played with cloud-based guide and now the bundle and, yeah, I've never seen your new XFINITY Home.

Something like 50% to 60% of all XFINITY Home quad-play customers are new to Comcast. It is an eye-opening experience to see the magic of putting it all together, and every day we are chipping away. The main thing is to keep the innovation machine going, widen that gap, and find different and creative ways to market.

And ultimately have the reputation for service do a 180 here. That may be very hard; it will be very hard and it will take years, but that's the mission.

Craig Moffett - *MoffettNathanson - Analyst*

Your broadband product is probably even more clearly differentiated in the marketplace than your video product. At least customers understand the differentiation now better, and it's a pretty simple message: you are faster and higher capacity than your competitors.

If there's a dark cloud to that silver lining, it's is there a risk that you are actually too successful in broadband and that the watchful eye of the government over your shoulder is sort of be careful not to invest too fast or to be too successful?

Brian Roberts - *Comcast Corporation - Chairman & CEO*

Well, we saw the Open Internet Order. We have talked about the transaction. I don't think the government wants people not to invest and wants people not to create America having the best, and so I try not to get too caught up in the moment and the rhetoric.

Obviously, we don't like the government reaching into the regulatory framework that they just did; that we think it has the potential to have negatives that you are talking about. All of our broadband investments going forward now have to be run through that filter of potential regulatory regime, and I think that is not good. We hope that either through a combination of litigation, Congress, and future regulatory regimes that we will continue to find a way to give America the kind of growth that we think we have helped contribute to in building an incredible broadband infrastructure.

I don't see the problem. We have all pledged to have an open Internet. That's not the debate; never has been for a decade. And so, without relitigating the whole thing here today, it will be something that is front and center for a while. I wish they had not gone to the regime that they did, but I don't believe that in their heart of hearts they actually want to slow down innovation in this country. But it may well have that implication and so we have got to see where it goes.

Craig Moffett - *MoffettNathanson - Analyst*

One of the concerns that I think investors have is that regulation sends a message about at least the potential for price regulation. That is sort of hanging. What is your view inside of Comcast? How confident are you in the government's assurances that there will not be price regulation in broadband?



Brian Roberts - Comcast Corporation - Chairman & CEO

I hope everyone saw the statement yesterday by the Chairman of the FCC, but he basically said that he does not intend to do price regulation and anyone who brings in any kind of pricing regulation, interconnection or otherwise, they will be rejected by the FCC. And the President said similar things at the time.

It's the potential that is not good for any of us and we're going to continue to try to point that out. Hopefully, there will be certainty and clarity that can go beyond those two people to their successors.

We have had regulation in this industry. We have had the highs and lows over 50 years in our company and I think our company has tried over the years to advocate in a way that has proved to be acceptable to the government and acceptable to Wall Street and investors and allowed us to grow. I am hopeful that that is what we're going to have here and that it creates some risk and that may create opportunity and dislocation in multiples and things of that nature. But we're plowing ahead to try to build a great company.

Craig Moffett - MoffettNathanson - Analyst

I want to talk about two of the opportunities that your physical infrastructure creates that are sort of outside of that potential regulatory framework, and they were both centerpieces of the strategy with Time Warner Cable. One was really going after the enterprise market with the advantage that you would get from New York and Los Angeles. And one was really expanding your wireless capability with Wi-Fi and potentially turning that into a consumer offering.

Can you talk about how you rethink those opportunities without that larger footprint and how you think about how they -- your investors are going to see those things over the next couple of years?

Brian Roberts - Comcast Corporation - Chairman & CEO

I don't think in wireless that it had much implication. We have, as you know, MVNOs from a couple wireless [grid] operators so that any part of the country that someone wants to go to that we didn't have Wi-Fi they would be able to access or utilize if we ever created a Wi-Fi MVNO product.

The question is what is the right technology? What is the right product? What's the right timing? Is it our device, someone else's device, your own device?

Right now we continue to invest in that Wi-Fi experience. Two-thirds, 70% of all video, all bits going over wireless networks are going over Wi-Fi in our markets. We are seeing an uptick; not a flattening but an uptick in Wi-Fi usage outside of the home by the amount of customers using it and how often they are using it. More times a day the number of customers are accessing XFINITY hotspots is increasing as a percentage of our base.

So as I said to you yesterday, it reminds me of when cable phone first happened. For those of us that were tracking the business back then, there was a -- Cox and AT&T were doing circuit-switched phone and Comcast was waiting for IP phone. And I went to a lot of conferences and folks would say, well, why aren't you getting in the phone business? We were actually off doing on-demand at the time.

We sort of said there's gold in the hills and if there is gold in the hills called phone, the only people who have mined the gold is us. It's our network and we will find a way to offer phone. It's not that that opportunity is not really changing.

And to the extent that there is some great initiative that we can do or better than what we are now doing, I think that isn't going away. That is there. We're building that Wi-Fi network. We're getting people comfortable with it, but we want to have a great product whenever we do it and we will trial some things. We are working on it, but there's no -- there's nothing imminent. So I don't think having New York and LA really change that story.



As to business services and enterprise, that is a slightly different answer. It would be a lot easier to be able to say to a company in New York and LA, yes, we have the facility and we do one -- the same network we can offer your company in multiple cities. So we lose two cities.

Now, can we partner with the operators here? Absolutely. Have we started to build up the enterprise capabilities? Yes, and are we -- and that's true in a lot of things we did during the last year, not everything is lost. We looked at every single way we do business, because we were going to bring it to New York, and we took the way they did business, the way we do it, and we tried to pick better ways to do business and have a plan. That plan now is going to be applied to our own markets to make them better.

The same thing in business services. We geared up on enterprise. We've hired people. We've invested in some IT and ways to do this, and I think we will roll ahead with that business. And we will hopefully get cooperation in markets where we don't have the facility; it is in everybody's interest. It will be a little harder, a little slower, but we are plowing ahead.

Craig Moffett - *MoffettNathanson - Analyst*

I want to go back to something you said about -- because we are getting low on time here. So as a way to sort of conclude, you mentioned what Steve Jobs once said to you -- I'm sorry, what Bill Gates once said to you about your company becoming a connectivity company or broadband overtaking video.

It seems like that view of the industry that was very much like Glenn Britt's view that this was really about broadband first. You, more than anyone else, maintained in your DNA this view of Comcast as an entertainment company. It was in the way that you presented your video product to your X1 customers and also in the decision to add NBCU to the portfolio.

Does -- how is that involving? Is it -- because your broadband product really is, economically, a trend engine of your company today.

Brian Roberts - *Comcast Corporation - Chairman & CEO*

I think it's all good. I think the notion of -- it's like picking between your children who do you love the most. It's crazy. Any parent knows that's not how you do it, so -- or you certainly try not to do that and we --.

Video is here; video is what is driving broadband in many cases. Video, one thing you know, 20 years from now people are going to consume a lot more video than they consume today. I don't know what that video is, how they get it, whether it's on your wristwatch, so being part of that ecosystem is fantastic.

I suspect some companies are -- we have over 1,000 software engineers, as many as Facebook. We are changing who we are and we think we can bring great experiences to people. And we can take some of those products and sell them to other companies at some point, if they are interested, around the world. People have been knocking on our door to see what we're doing. Can we borrow from it?

But four out of five customers don't have it, so before we give it to everybody else, let's give it to our own customers. Let's get job one done.

So I think video is still a great business and what NBC and Universal and our cable channels and our content and how we are going to use that to build around the world, I think we have a different company than what a company that is a pure cable company that maybe doesn't have all that capability and also doesn't have all that content capability. And so again, going back to the first quarter and what I hope we will have, and we certainly had last year and the year before and hopefully this year, is all parts of our company growing.

We are transforming ourselves and we are in an incredibly dynamic, exciting time and that we have a company ready for those challenges and, hopefully, embracing them and leading the way.

Craig Moffett - *MoffettNathanson - Analyst*

So let's end it with those 1,000 engineers in the last question and that is: give people in the room your elevator pitch for investing in Comcast and your vision of what Comcast is over the next five years.

Brian Roberts - *Comcast Corporation - Chairman & CEO*

Well, fortunately, I know everybody in this room is a little bit smarter than the elevator pitch, but the elevator pitch is one of the great companies at the cross-section of technology and media. That we have incredible cash flows, free cash flows, and the best-in-class products.

We are able to now take that, a lot of that, export it in markets that we heretofore have never been through the content side and the theme park side around the world.

Craig Moffett - *MoffettNathanson - Analyst*

This vision of Comcast as an innovation company that you painted last night is I think an exciting vision.

Brian Roberts - *Comcast Corporation - Chairman & CEO*

It's the center of what we're trying to do, create innovation. When Neil Smit joined the Company I said I got two things I think you have to do: we have to be better at innovation and better at service. And that goes back 4.5 years and I think we are on our way.

Craig Moffett - *MoffettNathanson - Analyst*

Brian, this has been a pleasure to hear from you. It's really an exciting time for Comcast and I really want to thank you for being here at the conference and for sharing your vision.

Brian Roberts - *Comcast Corporation - Chairman & CEO*

Thank you and thanks to the audience.

DISCLAIMER

Thomson Reuters reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON REUTERS OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2015, Thomson Reuters. All Rights Reserved.