FINAL TRANSCRIPT

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CORPORATE PARTICIPANTS

Brian Roberts
Comcast Corporation - Chairman and CEO

CONFERENCE CALL PARTICIPANTS

Ben Swinburne
Morgan Stanley - Analyst

PRESENTATION

Ben Swinburne - *Morgan Stanley - Analyst*

Okay, good afternoon everybody. Thank you for being here. I am Ben Swinburne, Morgan Stanley's media, cable and satellite analyst. And we're thrilled to have as our keynote presenter today Brian Roberts, who is Chairman and CEO of Comcast, a role he has had since 2002. I don't know if it is possible for people here to not know who Comcast is, but I might as well throw it out that it is the largest paid TV provider in the US; also the largest broadband provider, with 17 million customers; and as of January, late January, also controller of NBC Universal.

So there's been a -- Brian, thank you so much for being here -- there's been a sort of consistent thread throughout the conference about the convergence of technology and entertainment. And in many cases looking at how technology is helping companies inform, entertain consumers, I don't know if there is a company with a better sort of view of that, given your scale and your position, than Comcast. So with that as sort of a preamble maybe I will just let you start out; talk about how you see your company, all the things that you're working on from a product perspective. And then we can go from there.

Brian Roberts - *Comcast Corporation - Chairman and CEO*

Well, thank you. And good afternoon everybody, and great to be here. And I think it is fitting to be in San Francisco, in the technology capital.

The last year I sort of felt the number one thing Comcast had to get right, believe it or not, was not NBC Universal -- I'm sure we will talk about it in a little bit -- it was the transition from Steve Burke of 12 years of leadership with Comcast Cable -- very successful job -- a key transition to his new job, having the right person running our cable business, and keeping our eye on the ball and staying focused. And Neil Smit has now had four quarters, a full year and then some. And in the fourth quarter it really came together. And we can talk about some of the numbers.

But the thing that I'm most excited about is sort of how quickly Neil has turned us into the two things that I hoped we would become, which is improving the customer's experience and improving our customer service. And by improving the experience it means becoming a better innovation machine.

And let me begin today with just a quick kind of demo of how this happened for Comcast. And I think it is more -- less about the actual product right this second -- although I'm very excited about it -- but more just kind of things coming together, finally, that give me great optimism for the future.

So let's start with the fact that the cable box is nobody's favorite item in their house. Let's start with the fact that the guy changes every couple of years, not every couple of weeks. Let's start with the fact that every time we put a new box in your house, you as investors look at the CapEx, and we look at the fact that it's already starting to get obsolete because there is a better box somewhere getting built.

And then we want to go improve the guide. Do we program just to the new box? Or do we program to all the boxes? And this is true for all the paid television providers. It is not unique to us. So if we want to improve the service in software to all the boxes, we are now programming on five-year-old technology.

What is happening in the world around us? Well, everything is happening in the cloud. The devices are great and cool and changing all the time and for most cases, the consumer buys those devices. Today, Apple is launching iPhone 4, another version, and so it goes.

So, we have a thousand software engineers. We have been working on our own guide. We have made investments in conditional access and authentication with TV Everywhere -- talk about in a second -- and billing systems. We have worked on a piece of software called EBIF that we put in for interactive advertising into all the boxes. And last April the iPad comes out.

In May we have some engineers who come up with the idea that we can do some great things on this iPad. And in June I publicly demo, here is a new program guide that we think is going to change the way you control your TV.

In November the same year, we launched it across the entire nation. And by January, we had over 1.3 million of our customers downloading and now using this as their TV controller and their information. And we have now had three different revs by early or late February, early March, of the product; and a roadmap for the rest of the year.

For us to have rolled out a million boxes or to have had a million truck rolls, or to do it nationally, would've taken years. And this all went from idea to completion in less than six months. So let me put that as the frame. And show you -- and let's switch now to the screen and you can start here, this is a regular iPad. It's authenticated once. So it knows that it is Philadelphia cable customer -- this is our head of investor, Marlene's, cable. So if I picked a channel -- let's pick CNN -- if I click it, it will say at the top -- and it depends what network you're on -- this is running on WiFi in the hotel so hopefully it will be pretty good. But that's another thing that came together, which is WiFi in all of our homes. We're now putting WiFi in every new cable modem we put out there.

So the last foot, in my opinion, wants to be wireless with the latest and greatest device. But you need a wireless connection to get the best broadband experience. And that is what we offer in people's homes.

So here it says, do you want to watch on TV, or do you want to record? You could do remote DVR. I'm just going to click watch on TV. And you can see that quickly -- it just changed Marlene's television to CNN in Philadelphia. So her husband is probably home, saying, what just happened?

Now it also lets you now use all the great intelligence of the Web and the latest devices. So if I hit filter and I say, well I'm only interested in movies. So if I click movies, the lineup just changed to only movies that are on television now or in the future. Or if I just want sports, just that quickly, I customize my lineup. The same goes for only high-def shows, genres, other things.

Now here is our very popular On Demand. We are now -- got to 25,000 shows On Demand. And as we look at Netflix and Amazon and Apple and other great companies, it starts with the consumer user experience. The UI is fun, engaging and helpful. That is not what you think of when you think of your cable remote control. So we've just zoomed past the capabilities of our past; now look at our future.

So first thing that you will notice is that On Demand is not just words. It's picture art. And you can click in and move up, or I can filter. And I can again go back to filter. And I can say, let's pick genres. And let say I just want kids. It just changed to only kids shows -- there's Toy Story -- that is On Demand. And again the same thing, I could say, I am only interested in free On Demand. So if I click the free button, again, it will change. Now it's kids shows that are free.

The missing link with 25,000 shows and growing is a keyboard. And of course what is so great is, you push a button, and now I have a keyboard. So if I want to look up a show -- let's say The Office -- if I can type, there's The Office, I click here; it will let me

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know that it's free. It is also in high def. I can pick shows. I can watch it On Demand now. It just changes from hard to do, to fun, the -- all the products that we offer.

And then of course the first question we get is, what about watching on the iPad itself? So we have a new feature we just launched in January called Play Now. So here you can see, if I go to networks, we've made deals with all these networks -- HBO, Showtime, Starz -- we just heard from Time Warner. We have a great deal with TNT and TBS. Oh, by the way, no NBC Universal. I think we're going to fix that very soon.

So if I click HBO again, it will populate a variety of HBO options. Let's say I want to watch Boardwalk Empire, which episode, you know, and it will come up. Let's say I want to play. And again, if you are in a home with a good WiFi connection and a broadband pipe backing to it, 5 to 10 seconds you would be watching Boardwalk Empire. And you will see here that it will come up in a little bit in this hotel room.

What is actually happening here? Well it needs to know that Marlene is an HBO customer. It needed to know that she is already paying a subscription. We had to have the deal with the content company to allow us to be able to make it available on the go.

We have 3000 shows. We can turn this off now; I think you get the idea. We have 3000 shows that we have available on our 2go Play Now button. We have 25,000 shows On Demand. It reminds me of On Demand. When we started with On Demand we had a thousand shows and today we're up to 25,000.

On the website, XfinityTV.com, we have 150,000 television assets. So over time we want to go from 3,000 to 25,000 to 150,000 to what we call Project Infinity. Our vision is, you ought to be able to get whatever you want on whatever device you want, and you ought to be able to get it when you want it.

And the architecture that Comcast has, somewhat uniquely, with library servers, fiber all over the country, a thousand software engineers, the largest purchaser of content probably in the world, gives us all the tools. And now, at least from my mind, a clear -- [turn the software] that came up with the show -- a clear roadmap that these tablets, three to five years, are going to be $100, $300, $50. They could be smaller form factor. If you buy a home theater you get a Crestron-type device. I think that is what every consumer is going to want.

And I think we're now on the Android platform. We announced yesterday the Xoom tablet coming; iPad, iPods, iPhones. It's a new day. And I think it is a very exciting roadmap for how we're going to innovate in the future.

Ben Swinburne - *Morgan Stanley - Analyst*

Thank you Bryan. That's is really impressive. When you look at the technology it's incredible how quickly you have come to market. How is the business model behind it? How are you feeling about the media industry? The other distributors? There's been a lot of tension around, how do we get the economics to work? Where are we in that process?

Brian Roberts - *Comcast Corporation - Chairman and CEO*

The same thing happened with On Demand. The technology pulls you, sometimes reluctantly, sometimes willingly. And eventually, if the consumer loves it, they're going to pay for it. And we're going to find a way to resolve that conversation. So let me give you a couple of stats of On Demand. We have done 18 billion On-Demand views from our cable customers in -- that is more than all of iTunes combined.

We -- over the same period of time, we -- average view is a half-an-hour. We do 350 million a month. Every 75, 90 days, 75% of our customers use it 25 times a month. It is a better television experience than anybody has.

What we were lacking was a great navigation device. We were lacking the ability to show even more content. I think we fixed that. And now we're going back to the content companies, and we're saying, can we get more content? Can we work it into our negotiations? Every single media company gives us content for On Demand. And I think so it will go in the future here with on the go, in the home. We also plan to have live -- all your live television channels on the iPad in the home.

So there's another demarc point that the consumer doesn't care about, but we're all still talking about is, in the home versus on the go, some companies view that differently. Over time the technology will wipe out that distinction. But it is very relevant, because we want to start with our existing customers who are paying $75 a month for video, paid more this year than last year and more last year than the year before.

I think there's a tremendous amount of focus on how do we enrich the experience. If we enrich the experience, we're going to be able to increase the value, hence the price, and hence the fees that we pay to create that experience.

Ben Swinburne - *Morgan Stanley - Analyst*

We've heard from a lot of companies, going back to Akamai on Monday and AT&T this morning, talking about the growth of bandwidth consumption. I think AT&T was talking about WiFi usage growing exponentially. When I look at that product, particularly the Play Now, I mean that's a whole -- that looks like another enormous bandwidth driver in the home and for the consumer. How do you think about on that? And the contents of your broadband business, which you have cleared out -- cleared -- you have staked out a leadership position as well?

Brian Roberts - *Comcast Corporation - Chairman and CEO*

So if you think about Comcast, I believe that the best business we may well be in is our broadband business. And so one of the strategies the last several years was to be -- to invest in DOCSIS 3.0, and to make our broadband business the best on the planet. And we're going to continue that strategy.

And so each of the last two years, we have had modest increases in the cost of the broadband service, and yet we've had tremendous sales. We're 33%, 31% penetrated. We hope someday all of America has broadband. So the goal would be 100 or 90. We have one competitor. And as more and more applications require bandwidth, as the bits per home go up, the bet we're making and the bet you're making, if you own us, is that over the next 10 years, people will want more bits in their house over a wire than ever before. And whether that is called Xbox Live, whether that is Skype, whether that is Netflix, whether that is Comcast, Xfinity, streaming, whether that is some kid in the garage inventing an application that we all wish we'd thought of, Facebook Junior, next Google -- I like that position.

So we have very focused strategies to be the best pipe in and out of the home. And then we will figure out the business strategies around that. 20% of our customers now take in advanced speed. We've doubled the speed to all customers, and yet 20% took more than that. We do plan to increase speeds again. And it is amazing we're using all of four TV channels. So if someday we needed to devote even more bandwidth to it, that is very easily accomplished.

Ben Swinburne - *Morgan Stanley - Analyst*

Great. We're going to dive into the broadband more in a bit. But I wanted to segueway to NBC. That just closed recently. What gets you excited about that transaction? What so you think are the biggest opportunities ahead for the new combined company?

Brian Roberts - *Comcast Corporation - Chairman and CEO*

Well, quick level setting -- we announced a deal, December, a year and three months ago. We said that we would need $6.5 billion approximately to close. We ended up only needing $6.2 billion because the business overperformed. We got to keep part of that overperformance.

We said we had to go borrow about $14 billion between ourselves and NBCUniversal to give GE to buy 51%. That was accomplished at weighted average cost of 4.5% for 14 years average life. That was better execution. Mike Angelakis and his team did a super job.

And then retransmission fees started to get paid about three weeks after we signed the papers, and some disputes that were taking place between cable and broadcasters that did not involve us that have been going on all year -- and so where NBC today loses money, one can be hopeful that in the future that wouldn't be the case.

The same time, the business that excites us are the cable channels whether it is USA or CNBC or MSNBC or Golf Channel, and E!, and Versus, Bravo. Amazing array; very profitable, wonderful brands. We put the leadership together. Steve Burke and his team have been there all of four weeks. Universal had a big hit with Despicable Me. They had Harry Potter and the theme park.

So usually between signing and closing everything bad happens. And you come back a year later and you say, well, we still like it, but here's what happened. In this case, a lot of great things. Advertising may be the most important thing. We were at a real bottom, and advertising is up 20% for broadcast television and cable television.

So there's momentum. I think we have a tough job. We have a new management team. We have made some significant changes. We are in last place in the big four networks. That's going to take time. Bob Greenblatt who ran Showtime has a very tough job. Showtime's original programming -- we've got some wonderful assets if you watch this weekend on the golf tournament. For the first time you can see some of the synergy. So on NBC, it said Golf Channel on NBC; and on Golf Channel it said, here is Johnny Miller and Nick Faldo being on the Golf Channel. And there's a lot of cross-pollenization going back and forth all weekend and all week long. I think it was a high point for the ratings for Golf Channel.

So NBC can help improve the cable and our cable can help improve NBC. The same thing was true between The Today Show and E!'s coverage of the red carpet, and a number of other things.

So we also have a gentleman working on synergy between cable and programming, a guy named Page Thompson who helped manage our video and On Demand business and also ran the Golf Channel. So he works half for Neil and half for Steve. So I think for four weeks, I feel great. But I'm realistic. It is going to take years. This is different.

But it's -- financially, we ended up better starting position than we expected, with lower cost money, and perhaps at a time where values have increased and advertising is up and retransmission is happening. And so I think it gives Steve some runway to really make a longer-term, thoughtful turnaround of some wonderful brands and wonderful businesses.

Ben Swinburne - *Morgan Stanley - Analyst*

There was a tremendous focus on the review process in Washington. But I wanted to ask you about two sort of large categories that came out of the merger agreement, or conditions -- program access and retrans, where there's a new arbitration process in place that I think you guys feel pretty good about. And then the other piece would be, then, neutrality and access for -- I think the SEC invented a new acronym for us, OVDs I think they were called, online video distributors. And there's probably some more in there.

But in those two areas, how do you think about the merger conditions and how they might or might not impact the industry in your business?

Brian Roberts - *Comcast Corporation - Chairman and CEO*

Well, I think we're -- we had a long year. And there was uncertainty. And we couldn't answer with great specificity what might happen, what would happen in the net neutrality debate.

So one of our goals was to get to closure, obviously, in a position where we could come back here and say, all of our aspirations and plans for what we want to do with NBCUniversal and Comcast have not altered based on the conditions. And I'm pleased to be able to report that today.

So there's a lot of detail behind that. But for the most part we never objected that if someone wanted to have an arbitration process, as long as the standard of review met certain criteria that related to what was happening in the marketplace with others, and there is full information, we're not planning to do something untoward; that was never in our aspirations. That was something we could work out.

As far as net neutrality goes, we felt that it was a promise that President-elect or Senator Obama had said, when I -- if elected, I was going to do net neutrality. And so we felt having certainty around the rules for our broadband business go forward was better than continued uncertainty. So we along with the rest of NCTA members and several other large companies, AT&T and others, felt that the proposal from the FCC, whether we feel it should or shouldn't be there, whether it is legal or not legal, all of that will get played out. But that it is very clear we can go forward with our innovation with -- having come to resolution on things you will not do in the Internet delivery business. And one of those things is blocking websites and intentionally trying to retard people.

Yet one needs to manage our network. And that was the essence of some of the past litigation. And we feel, again, that it was a very workable resolution. And we're happy to now say, let's move on. And we can run our business.

Ben Swinburne - *Morgan Stanley - Analyst*

Comcast as a sort of an investment opportunity is now -- is unique in that you have cable and content together. Time Warner had it for a while. They sort of broke up the band. And they have a certain view of the market, of whether or not that makes sense.

Maybe you could just tell the audience about why you believe these two businesses together create value? And what do you think the relative attractiveness of content and distribution are?

Brian Roberts - *Comcast Corporation - Chairman and CEO*

well, I feel better about that decision today than even a year ago when we made it, or 18 months ago. First of all, we're -- we've invested in cable programming channels, whether it was E! or Golf Channel or QVC or SportsNet. And every time we've done it, we have made money. There is no CapEx anywhere close to what we spend in a year -- what we spend in a month in cable. So it is relatively little CapEx.

It's -- these are great brands. They're also international. One of the things we did is take Jeff Shell, who built our cable programming business, and he just moved his family to London to try to figure out how to extend NBC and Universal into being much more of a global presence in content than they are today.

So number one, I think the programming -- you've got to like the business. Number two, you've got to buy it in a way that you think you can like it. But if you buy it wrong, that's a problem. I don't think that happened. I hope not. I think we bought it at a very propitious time.

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Three, we help create these technology experiences by working together with our partners in content. Sometimes there's a lot of tension around that. Sometimes there's a lot of trepidation about innovation. What does it mean? We talked a little bit about that already.

I think we are uniquely positioned to help speed up and give the consumer what they want, whether it is earlier windows on movies sometimes, or whether it is more applications on your iPad. And at the same time we're realistic that with more distributors, and with the same amount of content, supply and demand would imply that the price is going to -- the value is going to go up to the content companies.

And so there is a bet on our part that this helps us offset some of those tough things going on in one business -- are going to be made better by being in this business. And retransmission fees is certainly a good example.

And I think that we should have said, we put it through very rigorous filter. Mike said we're not going to put any value for synergy. I don't want it. That's not going to be the justification. Let's put zero. And if we buy it right and we spend around $4.5 billion net after tax benefits, that is less than one year's free cash flow. So we can make the statement that we're the same leverage that we are the day we closed the deal as that we were the day we signed the deal; and increase our dividend four times the last three years; and increase -- buy our stock, buyback, by 75%. And we have this, now, additional growth component; and clearly a relationship that is symbiotic between the cable company and the content company.

Ben Swinburne - *Morgan Stanley - Analyst*

Great. Why don't we segueway a little bit into the cable business. You showed some of the products that you're rolling out. I think investors are excited about Comcast today because of a lot of the stuff you've been doing on the core cable business operationally. Maybe we could talk first about the All-Digital move? And maybe it's worth explaining exactly what that is been for those who are out there? And what the benefits are for Comcast from this technology move?

Brian Roberts - *Comcast Corporation - Chairman and CEO*

So, first thing we did was, we came up with a little device that is called D2A. And Marlene -- if you find it, we'll hold it up -- doesn't have it. It's about this big. We're the only MSO that really wanted to invest in this. It was the same basic piece of equipment that the broadcasters when they went from analog to digital offered to attach to your TV.

The D2A -- we have now put 17 million of these little boxes out there. And that is a lot of boxes. They cost $25 to $30 each. And that allowed us to be All-Digital. We then took back 75% of the bandwidth. And we added 100 high-def channels, 100 ethnic international foreign channels. We added -- we went from 10,000 to 25,000 On Demand shows. We went to DOCSIS 3.0 and quadrupled the amount of bandwidth, as I mentioned, for broadband.

And that is when we changed our name to Xfinity. When the market did all of that, we said you know what, we're a totally different cable company than we were. You don't want to change your brand very often, if ever; hadn't ever before. But we really felt it was closer to this Project Infinity vision of, we're no longer just talking to your TV.

And so this weekend during the Academy Awards, we launched -- now that 85% of Comcast is Xfinity, in the cable business, and we have this higher speed Internet and we are All-Digital, and All-Digital pictures and the On Demand has the iPad apps and the iPad is out, we really wanted to begin a whole new look. So we hired an additional ad agency from Geico's ad agency and Wal-Mart's ad agency. And we're going to do something I've never done at an investor meeting which is show a TV commercial, I don't think -- because I know you may not have super interest. But it is hot off the press.

And since you may not have had a chance it will help put in context kind of who we think the consumer thinks they're doing business with as we go forward. So if you don't mind running this spot for 60 seconds and indulging me, have a look at this.

Or not.

Ben Swinburne - *Morgan Stanley - Analyst*

Ron Burgundy has blown up the TV system as well.

Brian Roberts - *Comcast Corporation - Chairman and CEO*

Morgan Stanley technology, I want you to know.

Maybe not. Don't worry about it.

I see the DVD player, I get a little bit worried there.

(video playing)

So hopefully that gives you a different feel, different tone, different experience. And I think to your point Neil Smit came in, said you got all the piece parts here. What we're not doing is running it as one company. So he started an initiative called One Comcast. We answer the phone differently; we have different pieces of equipment. Steve had begun a number of these initiatives. We cut our number of divisions to three. We used to be six. Over several years we have tried to take phone calls in Washington DC if we get swamped there because there is a storm. They are now picked up in Philadelphia. Well, to do that, you have to have the IT, you have to have the spillover, the same training, the same machines. So tremendous focus on execution and operational excellence to take phone calls out of the system.

We noticed that one of the wireless companies -- 20% of all their sales was coming over the net. It was less than 5% for Comcast or Xfinity.com. We recruited some of their -- one of their folks. We doubled our sales in the first 90 days. We hope to be at 20%. Handling your problems online, having one-hour service windows -- so the vision is to leapfrog not just because we have the scale, but now we have the operational excellence, focus and the passion to make the Xfinity experience the best in the country.

And it started -- I will just show the little prop. That this is -- 17 million of these are what got us back to bandwidth. And so if you haven't seen one, it is because you already had a cable box. But most people had a box on one set but not on another.

So we're a different company. I'm delighted that the regulatory review process is over and that we're able to talk openly and the earnings are out and it's a beginning of a new year. I think we do have real momentum both in the video business, particularly the broadband business. The phone business we haven't talked about.

And we wanted to -- Neil said I want to augment our advertising and really give the consumer that feel of excitement and enthusiasm. That's not a cable TV commercial. This is a very relevant, cutting-edge company.

Ben Swinburne - *Morgan Stanley - Analyst*

Brian, you have been phasing in the All-Digital Xfinity rollouts through the company, through the footprint, over the last couple of years. And we saw a very strong Q4 out of the cable business in terms of ARPU and RGUs, PSU. Are investors now seeing the return on these investments? And you look at systems that have been rolled over for a while, are they performing better than those that are sort of newer in there?

Brian Roberts - *Comcast Corporation - Chairman and CEO*

Absolutely. In fact it gets retarded a little bit because, you know, there's still some overbuilding going on from AT&T. Verizon is fairly well complete. And so in the older markets where we have had several years of head-to-head competition, we're seeing ourselves perform much better.

In the All-Digital markets, when you put this box out, this device out, we are seeing less truck rolls. When you get the iPad into people's homes with the Xfinity app, we're seeing more On Demand purchases, actual VOD consumption of paid VOD, because there's just more -- it's more easy to find what is available. We're seeing service levels and call volumes show real improvement; our customer satisfaction scores coming up.

These are things that will take years. But it is having operational focus. We've taken costs out of the system. So just take the phone products -- CDV, which we had a very strong year last year. And we continue to believe as part of the Triple Play it is a great value and a terrific product. And we only have low teens penetration. And even if there's people cutting their phone altogether, we're teens out of maybe 75%. That is still a lot of growth to go.

So, it used to cost us about $20 a month to be able to make a phone call and service that for the month. And that is a quarter of that now. So we're taking costs out of the system; the same thing for high-speed data. And again, the scale and time and -- in our business services, which we haven't talked at all about, which is the fastest growing part of the company, 50% revenue growth, $1.5 billion run rate business.

So this is going to businesses with 20 employees or less, doctor's office, dentist's office, and saying, how would you like TV, new phone and instead of DSL or ISDN, here's a really fast Internet. And so we think that is a $15 billion, $20 billion market. We have a terrific team that is focused on it. 50% margin. We just started a few years ago.

This year we identified medium-size businesses up to 200 employees, from 20 to 200. And that is a another double, give or take, to the size of the opportunity. It will take a few years. We have to spend capital. These are our best customers. They are credit-worthy; they sign long-term contracts. We can provision them.

There's only one competitor. That one competitor has 100% marketshare. So we come in cheaper and better. And we just have to put -- as somebody said to us the other day, feet on the street. And that is a great leader in Bill Stemper.

So a lot of good things happening throughout the company, and the scale and having a little more time to get better at what we do is -- really I see it paying dividends all over the place.

Ben Swinburne - *Morgan Stanley - Analyst*

You mentioned competition. I wanted to ask you about sort of the broader competitive environment, maybe starting on the residential side. You have had the overbuilds from the telcos, but that is sort of moderating. Given your new product set, how do you think about positioning and balancing ARPU and unit growth, which is something that the company is always trying to optimize?

Brian Roberts - *Comcast Corporation - Chairman and CEO*

It's a balance. Neil is fantastic at ARPU management. He was doing that at Charter. Every time they had a sale, he had -- very disciplined as to what happens in the call centers. We were a little more decentralized. So he has come in already. And I think our strong ARPU in the fourth quarter reflected that.

But we also are focused on sales. One of the things, again, he said when he got here, it is helpful to have an outsider's view, is, you really invest in this DOCSIS 3.0, you're kind of the leader. We should really step on the pedal on broadband. So I'm pleased to report that every quarter last year, Comcast had more net adds in data, broadband, than Verizon, AT&T and Quest combined; about 40% of all the net ads in America. And yet we are 24% of the geography and we have a competitor.

So we over-indexed almost everybody. And that product continues to be very robust. So, we're focused on the broadband business, as I said, at the top, even in some ways more than all the press would be about the video business. This clearly -- in terms of free cash flow generation, that looks very promising.

Ben Swinburne - *Morgan Stanley - Analyst*

I was listening to AT&T interview this morning. And they claimed that their U-verse data product is the most highly rated among some surveys, despite having speeds that are lower than cable's. But I wanted to ask you about DOCSIS 3.0 which you have rolled out in sort of your turbo speeds. How has the customer reaction been to those higher-tier products? Because you mentioned your market share. But your ARPUs have actually been very good as well.

Brian Roberts - *Comcast Corporation - Chairman and CEO*

Right. So we -- for years our investors would say, well are you going to cut price or anything like that. We've gone the other direction. We put our bets that -- it goes back to what we were talking about earlier. Who would have predicted -- but maybe you easily could predict, you just wouldn't know the app -- that consumption would be just going 30% growth compounded every year for bits in the home.

So the bet we are making is to be the best pipe, simple as that. And I think that that continues to be the bet. And you will see us increase speed again in the future, I would suspect. And I think we're off to a good start this year in the momentum. As we balance units and growth our focus is more on units and data on video; it is a balance. We know we have new competition in some markets. And that is just always the case. You're going to lose some share. But in the more mature markets, we are clawing that back. And phone is there to make the bundle even more attractive.

Ben Swinburne - *Morgan Stanley - Analyst*

How do you and Neil think about segmenting the data market in terms of tiering? And also, I'm sure you have this question all the time, usage-based pricing? And then, is this something you think you need to happen? Your numbers seem like they're working pretty well without it.

Brian Roberts - *Comcast Corporation - Chairman and CEO*

I think right now we're very content with the model. It was very important to us in the net neutrality resolution that it did not impact revenue or revenue pricing models. And that is part of the comfort of putting that behind us. And it does specifically allow for new models.

At the moment, what we have done is we are -- all customers have a meter as to how much usage they use. And at that point, that is all we have to say on that. There is no change.

Ben Swinburne - *Morgan Stanley - Analyst*

You have a cap in place but it's at [250] and you don't really --

Brian Roberts - *Comcast Corporation - Chairman and CEO*

Correct. I think that broadband continues to be a growth business, and we'll be back and talk about it in the future. Right now, we're able to create more value. And we're getting more people to sign up. And we signed up almost as many last year as we did the year before. Slightly increased price, but a faster, better service. It's working great.

Ben Swinburne - *Morgan Stanley - Analyst*

You mentioned SME, which is a great growth story for the company. And you've got management, a great management team in place. From a product suite perspective, are you where you want to be in terms of going to market with the products that you need?

Brian Roberts - *Comcast Corporation - Chairman and CEO*

I think so. They're building the medium-sized products. And everything we have decided to do is [on net]. We're not really interested in acquisitions in that space. We really don't want to have to deal with the integration and the legacy versus new. And we're just going to take it slow and steady, if you consider 50% revenue growth slow and steady. I mean it is just terribly exciting. We've got a great leader, as you mentioned, in Bill Stemper.

And that's part of what I think my job, if I do it well, and what makes it exciting, is with this dynamic company, it may be unique in the space. Both, you know, if you're a kid coming out of college, and we say come to work for Comcast, you've got opportunities in technology, in service and marketing. But you also have NBC and Universal and all the creative interesting things going there and the things between the two.

And if you're the leader in this -- Bill worked for Cox. Wonderful company. He had done great work in helping them get started in business services. Dave Watson identified him, our COO, as what he thought was the best guy in the industry. And I just remember the last interview saying, if you come with us you can lead the industry; you can help change. And if we can do that and get the best people and the experts and their business, I think the rest will take care of itself.

So my job is culture, trying to say we're willing to grow and invest. An exciting place to work, build value for the shareholders. And I think the smart people that we have in our team will figure out what is the exact suite of products; does it have to change here, because there's some new cloud computing service, or something has changed in the market? And Bill will come in and make a compelling case. But the return on capital, the focus that we've got with Mike's leadership from a financial point of view -- right now I think we feel really good.

Ben Swinburne - *Morgan Stanley - Analyst*

Have you seen any competitive response from the incumbents in the SMB space? Or is it similar to the residential space where they are the incumbent. They make a lot of money and so they are sort of stuck?

Brian Roberts - *Comcast Corporation - Chairman and CEO*

You know, sort of the latter. I mean I think they're more aware. But they have 100% marketshare. And we have a superior product in most cases. So it's a good dynamic.

Ben Swinburne - *Morgan Stanley - Analyst*

What are you thinking about on the wireless front? You have a partnership with Clearwire, which -- and they were here yesterday. There's been a lot of debate in cable about, do you need wireless? Does the customer wanted a quad-play? Where do you come out on all that? And how are you thinking about that partnership today?

Brian Roberts - *Comcast Corporation - Chairman and CEO*

I think we feel better today about -- wireless is not essential for us -- than we did even a year or two years ago. The app you just saw at the beginning of the conversation, it was running on various wireless networks. Some are better than others as we go around town here. But in your home, where you really want to do a lot of this, we can make it great. And then in our neighborhoods -- and that is using WiFi -- and then in our neighborhoods -- we have just done one market, Philadelphia where we WiFied Philly -- proved not a lot of money. And there's many, many hotspots now. We can continue.

And then we're in a world where a lot of these great services are apps. Not only are we building the app, like I talked about earlier, in the cloud and [with] the greatest tool set and with great software -- and we can do it at a world-class level, I think as good as best in business. But at the same time all the various networks are wanting those apps because that's how they're competing.

So Clearwire continues to be a work in progress and an evolution of -- we're 9%. We're not on the board. They have to do what they are doing. And we have certain long-term permanent rights. And let's see where it evolves to. We bought some spectrum in the auction. And we need to constantly revisit that. And that is something that I think we'll be looking at this year. But big picture, I think we feel, again, if I could rewind a year, and either do nothing; go more heavily in that direction, wireless, or go more heavily into content, I think I'm really glad the decisions that we made.

Ben Swinburne - *Morgan Stanley - Analyst*

You decided not to make some -- make significant financial [debts] in wireless. I wanted to just ask you about capital intensity and sort of allocating capital in general. It seems like with the iPad and IP technology in general -- I think about IP television, connected television that is coming out -- we're seeing almost a vision of the cable business after the set top, which is the biggest part of your CapEx. How do you think about capital intensity for your business over the next couple of years, and that opportunity, particularly, to move beyond the set top?

Brian Roberts - *Comcast Corporation - Chairman and CEO*

Well if you look at free cash flow for the whole company, in 2007 we were $2.3 billion. And last year we were $5.4 billion. Tremendous compression in multiples to our sector and to our stock, and that continues today.

But I think the trend of less capital and hopefully more EBITDA and now some tax benefits and things to hopefully lower our tax rate, with NBC not being capital intensive, we ought to be able to continue the free cash flow growth. And that is one of the reasons that we increased the dividend and increased the buyback.

We would like to stay around 2 to 2.5 times leverage. We're a solid BBB+ credit. We don't necessarily have aspirations to be an A credit. But with the scale of our borrowings, we were the second largest borrower in the world last year other than financial companies. So we think we need to have a certain credit rating that our peers in and out of our sector for the scale of the company need to have.

So what we've said to answer that question very specifically, is that kind of every year we would come back and have this conversation of -- the share authorization for the buyback will run out. We accelerated to run out this year. And we will therefore come back with our Board and to all of you and have a conversation at the end of the year, beginning of next year. We do have to buy GE out over time. But that should be financeable out of the NBC balance sheet, for the most part if not entirely.

So I think it is a --- then you get to the specifics of residential capital. And what we've said is that we believe we will have less -- we were up as high as 20% of revenue back then. And now we're 13 and change, 14. And we believe it is going to continue to come down.

If you look at the total CapEx as a percent of revenues, it's those numbers, but if you look at residential, it is even lower. So those small and medium-size business is good capital with great returns.

I'm not ready to sit here today and say, we will never have a set top box again. But maybe it's one big box per home. It's a network DVR, whole home DVR. And then you have these little guys who are connected to TVs as we showed with the CES this year.

I like the trend. We don't see any scenario where we're out rebuilding the whole cable system, ripping everything down and starting all over. I've lived through those days. They are no fun to come to conferences like that. So we ought to be happy to say that what's -- if you like the trend we're on, I think you're going to see a continuation.

Ben Swinburne - *Morgan Stanley - Analyst*

I'll ask one more and then I'll see if the audience has any questions. We had John Martin earlier today talking about TV Everywhere. Investors I think, sometimes, get frustrated it hasn't happened faster. How would you rate the rollout so far from a timing perspective? And where do you think we will be in even six months?

Brian Roberts - *Comcast Corporation - Chairman and CEO*

Well, I think we're making real progress. You need a device. Netflix started with DVDs being mailed around, and they evolved. We started with TVs. And now we're trying to get onto other devices.

Our On Demand has got a lot of content. You will hear some more announcements from us coming on -- trying to make it simpler for the consumer to understand, what is the difference between library and now? Where is that line? Every company has a different view. We're trying to put some consumer expectation around what On Demand means.

We have 4 million of our customers using our XfinityTV.com. That is our website that has the 150,000 assets. That is where we have the best TV Everywhere at the moment. You know, it just gets more and more and better every month.

So different companies find it more or less threatening -- the trends in the business. I think our position is, this is -- we've been saying for a long time, more friends than foe.

QUESTIONS AND ANSWERS

Ben Swinburne - *Morgan Stanley - Analyst*

Great. Why don't we see if we have any questions from the audience. One right here. If you could just wait for a microphone, it is coming from behind you.

Unidentified Audience Member

A question for you on the smart TV. And how will your business model change as TV increasingly adds Internet connectivity and maybe embeds set top box type functionality? Thank you.

Brian Roberts - *Comcast Corporation - Chairman and CEO*

Well, I think we saw a lot of smart TVs out at CES this year. And this is an enhancement for the consumer, maybe. How much you really want to go into another ecosystem -- is it Android? Is it Samsung's? Is it Apple's? Who is making it simple for the consumer to go back and forth?

On the other hand, the technology is racing. You couldn't do any of this a couple of years ago. So our attitude is to be part of that ecosystem. If you want to get your Xfinity TV using just clicking and not having a cable box, why wouldn't we try to figure out how to get that onto that device? And Microsoft with Xbox -- they have smart Xboxes. And it's a fascinating time.

But all of these initiatives start with, I want to have live television. And I want to have a great guide. And I want to have lots of choices. And I think Xfinity can do that.

And so we will work with all of the different CE companies that we can to try to make it as easy for the consumer. It used to be called cable-ready TV. Now it is smart TVs, and 3-D. And so we do what we can. And then we've got to go and talk one by one to each of the various companies who are out there. Sony has a different vision than Samsung. And you know, it's a little confusing.

But our job is simple. We've got to get our products into as many devices as possible. That's a different mindset than, say, five years ago, where we just wanted it with a cable box.

Ben Swinburne - *Morgan Stanley - Analyst*

I like to be dumb when I watch TV. We'll go over there.

Unidentified Audience Member

At the beginning of the presentation you showed that slide about these new tablets and you said many tablets had the remote controls, and a wireless set top box. When do you expect to roll those out? And are you saying that we're going to be using little mini tablets to program our DVRs as opposed to the clunky remotes that we have right now? Is that what you're going to be bringing -- ?

Brian Roberts - *Comcast Corporation - Chairman and CEO*

Yes. The answer is right now. Every iPhone, every iPad, every Android smart phone, you can now download the Xfinity app.

Unidentified Audience Member

But will you be subsidizing a remote tablet?

Brian Roberts - *Comcast Corporation - Chairman and CEO*

We have not said that yet. So I'm not saying that today. But either it won't be necessary, because the consumer is going to just have so many smart devices, and there are going to be so many tablets here in the next year, that it will happen around us. And we won't have to.

Or we may choose to make a marketing partnership with somebody that says here's why we picked yours, what's the deal? How do we make that value added to the consumer?

For me an a-ha moment was taking an iPod Touch, having a [Sonos] in my house and using Pandora. Now none of those three companies we have anything to do with. And all of a sudden, using our Comcast Internet -- thank you very much -- and I had all of the music I wanted. And it was fantastically easy to do. And I sort of said, that is what we've got to do for the TV navigation experience. And voila, it sort of is now doable.

So I think you are seeing it not just in our space; this is the trend the consumer wants to go. How do you marry that experience and make it easy for the consumer and seamless? And I think we are incredibly well positioned to help accelerate that. And it all starts with a WiFi connection and a broadband experience. And that is -- all of our conversations with Apple over the years have led the same way.

And while you have all these other conversations, okay, whose device and whose services -- we're making it easy for the consumer. And that is accelerating our lead over our competitors who do the same thing in the home. That is the main focus.

Ben Swinburne - *Morgan Stanley - Analyst*

I think that's a great question to end on. We're out of time, Brian. Thank you so much.

Brian Roberts - *Comcast Corporation - Chairman and CEO*

My pleasure.
