OVERVIEW:
Co. reported that 4Q15 adjusted revenue grew 7.6% YoverY and adjusted EPS came in at $0.81.
CORPORATE PARTICIPANTS

Jason Armstrong  Comcast Corporation - SVP, IR
Brian Roberts  Comcast Corporation - Chairman & CEO
Mike Cavanagh  Comcast Corporation - Senior EVP & CFO
Neil Smit  Comcast Corporation - Senior EVP Comcast Corp., President & CEO, Comcast Cable
Steve Burke  Comcast Corporation - Senior EVP Comcast Corp, CEO, NBCUniversal

CONFERENCE CALL PARTICIPANTS

Craig Moffett  MoffettNathanson - Analyst
Jessica Reif-Cohen  Bsnk of America Merrill Lynch - Analyst
Ben Swinburne  Morgan Stanley - Analyst
John Hodulik  UBS - Analyst
Vijay Jayant  Evercore ISI - Analyst
Jason Bazinet  Citi - Analyst
Brett Feldman  Goldman Sachs - Analyst
Anthony DiClemente  Nomura Securities - Analyst
Marc Ryvicker  Wells Fargo Securities - Analyst
Bryan Kraft  Deutsche Bank - Analyst
Mike McCormack  Jefferies & Co. - Analyst

PRESENTATION

Operator

Good morning, ladies and gentlemen and welcome to Comcast's fourth-quarter and full-year 2015 earnings conference call. At this time, all participants are in a listen-only mode. Please note that this conference call is being recorded. I will now turn the call over to Senior Vice President, Investor Relations, Mr. Jason Armstrong. Please go ahead, Mr. Armstrong.

Jason Armstrong  Comcast Corporation - SVP, IR

Thank you, operator and welcome, everyone. Joining me on this morning's call are Brian Roberts, Mike Cavanagh, Steve Burke and Neil Smit. Brian and Mike will make formal remarks and Steve and Neil will also be available for Q&A.

As always, let me now refer you to slide number 2, which contains our Safe Harbor disclaimer and remind you that this conference call may include forward-looking statements subject to certain risks and uncertainties.

In addition, in this call, we will refer to certain non-GAAP financial measures. Please refer to our 8-K for the reconciliation of non-GAAP financial measures to GAAP. With that, let me turn the call to Brian Roberts for his comments. Brian.
Brian Roberts - Comcast Corporation - Chairman & CEO

Thanks, Jason and good morning, everyone and thank you for joining us today. 2015 was a terrific year for Comcast NBCUniversal and I couldn’t be more pleased with the strong operational performance and financial results that we delivered both for the fourth quarter and for the full year. Honestly, 2015 was not without its challenges, but instead of letting those challenges become real distractions, our Company pivoted and executed extremely well, particularly in the second half of the year. I am so proud of our resilience and leadership team for creating the momentum that is now driving us forward in 2016. Neil Smit and Dave Watson and everyone at Comcast Cable is heroic in my mind for not only staying focused, but generating the best yearly video subscriber results that we’ve had in nine years and the best broadband subscriber results that we’ve had in eight years.

We ended on a high note as our fourth-quarter video net additions were our strongest quarterly results since the first quarter of 2007. At the same time, we expertly balanced these great customer metrics with solid financial performance. At NBCUniversal, Steve and his team exceeded expectations once again. We set new box office records, achieved number one ratings in broadcast from morning to primetime to late night, continued the outstanding progress in our theme parks and sustained healthy profits at cable networks. Altogether Comcast NBCUniversal made incredible strategic, operational and financial progress in 2015 and did this through a collaborative culture where our businesses are focused on strengthening themselves and each other.

Overall, we grew revenue 8.3% in 2015 and operating cash flow by 7.7%. We generated close to $9 billion in free cash flow and increased cash return to shareholders by over 40%. After reviewing our performance and outlook with our Board, we are announcing today our decision to raise our dividend by 10%, marking the eighth consecutive annual increase. We also increased our stock repurchase authorization to $10 billion and we expect to repurchase $5 billion of stock in 2016.

Comcast NBCUniversal is indeed a special company. This is a time of exciting change in media and technology and we’re uniquely positioned. We have a diversified portfolio of businesses working well together and the best suite of products, content and experiences that we’ve ever had.

So with that, let me talk about some of our specific achievements in 2015 and a few of the things that we’re looking forward to in 2016 and beyond. Starting with NBCUniversal, we’ve now fully doubled the operating cash flow since we announced the acquisition in 2009. In our TV business, we maintained our number one ranking in broadcast primetime and saw continued success in The Voice and Blacklist paired nicely with some new breakout hits, including Blindspot. In addition, we build on the strength of our Chicago franchise with our new show, Chicago Med.

Sunday Night Football remained TV’s number one primetime show for the fifth year, grew viewership by 6% and completed the highest rated season in its history. And as I mentioned, we exit 2015 with strength across all parts of the day with the Today Show, Nightly News and Late Night all number one in their respective categories. NBC Sports Network had its most-watched year ever driven by NASCAR’s debut and the continued growth of English Premier League and NHL. USA’s Mr. Robot just won the Golden Globe and the Critics’ Choice Award for the best drama on television, a terrific accomplishment. Congratulations to Bonnie Hammer and her team.

Film had the best year in its history. Jurassic World, Furious 7, Minions and Fifty Shades of Grey, along with other titles, were hugely successful. With $6 billion in worldwide box office receipts, two-thirds of which was international, and a strong and growing list of franchises, Universal Pictures is in a great position for ongoing success.

And finally, theme parks had another outstanding year. We again grew revenues and operating cash flow double digits through our proven formula of new attractions complemented by additional hotel room capacity. From Harry Potter to Transformers and Fast and Furious, our team at Universal Parks and Resorts has been on a fantastic run and there’s plenty of growth on the horizon with our recent acquisition of a 51% stake in the park in Osaka, Japan, a new Harry Potter attraction opening in Hollywood, a new waterpark being built in Orlando, a brand-new park being designed for Beijing and our focus on increasing hotel room capacity.

At cable, I feel we stand out in the industry, delivering a healthy balance between solid improvements in subscriber metrics coupled with very strong financial performance. In 2015, we added 666,000 customer relationships and that’s an 86% improvement versus last year. And at the same time, we increased revenue per customer relationship a healthy 4.2% and grew operating cash flow 5.6%.
In 2015, we made improving customer service our main focus. I'm really pleased that as we sit here today, we are seeing great progress. In fact, we achieved significant improvements across the key metrics we use to track customer satisfaction with some of our best customer metrics in years. We're going after each of the areas that have the most impact on the customer's experience.

In 2015, we also continued to take our new products to scale. Our voice remote is the latest example with 4 million activated since our launch just eight months ago. The result of these investments is showing up in our subscriber trends where we're seeing notable improvements, particularly in reduced churn across all product categories.

Business Services under Bill Stemper has now exceeded a $5 billion revenue run rate while maintaining a growth of 20%, which is remarkable. We recently launched into the enterprise segment and have some good early traction in this market to go along with the robust share gains in small and medium-sized businesses.

Overall, our progress during 2015 sets up incredibly well to be successful in 2016 and beyond. In cable, we are aligned around a few critical top priorities. The first is to continue our progress in transforming the customer experience, and as we've seen, our customers are responding to our efforts in a resounding way and we will keep pushing hard.

Second, we will focus on driving share growth through even better products, faster speeds and additional customer segmentation. And finally, technology leadership will remain at the forefront as we enhance X1 and drive it deeper into our customer base, roll out DOCSIS 3.1 to deliver gigabit speeds at scale and continue to develop solutions for more targeted advertising.

At NBCUniversal, we feel great about our position and the range of opportunities ahead of us. We are proud to bring the 2016 Olympics in Rio to the American people, delivering the most comprehensive and technologically advanced Olympics in history.

We are also excited to open a new Harry Potter attraction in Hollywood, add the Secret Life of Pets to Illumination's growing list of animated films, and this week's exciting announcement that NBC will now be the home to five Thursday night NFL games.

We continue to be entrepreneurial and look for ways to invest and grow, like our investments in Vox and BuzzFeed and our partnership with Atairos, Michael Angelakis' new venture, which recently launched with a talented team who are scouring the globe for smart investments.

So on a final note, I'm excited about all the opportunities that lie ahead and believe we will approach them with the same level of operational excellence and financial discipline that has served us so well for more than five decades. Mike, over to you.

Mike Cavanagh - Comcast Corporation - Senior EVP & CFO

Thanks, Brian and good morning, everybody. Since Brian covered the terrific full-year results, let's go straight to the fourth quarter on slide 5. Adjusted revenue for the fourth quarter increased 7.6% and operating cash flow increased 4%. As a reminder, the adjustments this quarter primarily reflect the exclusion of the partial quarter results of our acquisition of Universal Studios Japan.

The overall growth in operating cash flow was primarily driven by high-speed data, video and Business Services at cable, and film and parks at NBCUniversal, which we'll go into in greater detail on the slides to come. Adjusted earnings per share for the fourth quarter was $0.81, a 5.2% increase compared to the fourth quarter of 2014. And free cash flow during the quarter decreased 6.3% to $1.6 billion and free cash flow per share of $0.64 declined 1.5% reflecting growth in operating cash flow and lower cash taxes, offset by higher capital expenditures and increased working capital. For the full year, we generated $8.9 billion of free cash flow, a 9.4% increase over last year's results and free cash flow per share of $3.55, a 13.8% increase.

Now let's review the results of our businesses in more detail starting with Cable Communications on slide 6. Cable Communications delivered a solid fourth quarter. Revenues increased 5.9% to $12 billion as we added 281,000 customer relationships, a 58% improvement compared to last year's fourth quarter, driven by growth in our two-product and three-product customers and reduction in churn across all products with video and high-speed data each improving churn for 23 consecutive months.
Total revenue per customer relationship reached $145 per month, a 3.5% increase that reflects the successful execution of our strategy that is focused on retaining customers, growing customer relationships and driving our value-added bundling strategy.

Taking a closer look at our video business, fourth-quarter revenue increased 4.4%, reflecting rate adjustments and higher take rates of advanced services. We ended the year with very strong video customer growth, adding 89,000 customers in the fourth quarter. This is our best quarterly result in eight years, driven primarily by another quarter of improved churn. Our churn results reflect improved customer support, better market segmentation and customer recognition of what we believe is the best video product on the market. We continue to make great progress rolling out X1 to new and existing customers, adding 1.1 million customers in the quarter, a 73% increase compared to last year. X1 customers now represent about 30% of our total video customer base.

In addition, we continue to expand our TV Everywhere and On Demand choices. We now have 75,000 shows On Demand, 700 full season stacked series, which is up 50% from a year ago and 98 live streaming channels available outside the home.

Lastly, we’re doing a better job segmenting the market, providing offers with more choice and appeal to new audiences that address multiple segments of the market. For example, we have increased our penetration of Hispanic households with targeted bicultural products and offers.

The strong momentum in our high-speed data business continued. Revenue increased 9.8% during the quarter, making it again the leading contributor to overall cable revenue growth, driven by an impressive increase in our customer base, as well as rate adjustments and an increasing number of customers taking higher-speed services. We added 460,000 data customers during the quarter and 1.4 million during the full year with 77% of our customers receiving speeds of 50 megabits per second or greater. We have now added over 1 million high-speed data customers for 10 years in a row and we see significant room for growth ahead. About 74% of our residential high-speed data customers now have one of our wireless gateways, which are also fueling our impressive growth in Wi-Fi hotspots that now number more than 13 million.

Voice revenues declined by 1.7% in the fourth quarter as customer additions were offset by a modest decline in ARPU. In the fourth quarter, we increased net customer additions by 139,000, a 13% increase versus a year ago. Business Services was once again a large contributor to cable revenue growth with revenue increasing 18.9% to $1.3 billion. We have three engines of growth in Business Services each at a different stage of development -- small business, which has healthy market penetration and generates the majority of our revenue; mid-sized business where our market penetration is still less than 10%, but is growing at a higher rate; and our recently announced enterprise division that targets Fortune 1000 companies and is gaining traction with more than 20 large enterprise customers and multiple eight-figure deals already signed. Business Services has strong positive momentum and continues to represent a large and attractive growth opportunity for the Company.

Finally, cable advertising revenue declined 9.3% due to lower political revenue. Excluding political, our core cable advertising revenue increased 2.8% during the fourth quarter.

Turning to slide 7, fourth-quarter Cable Communications operating cash flow increased 4.6% to $4.9 billion resulting in a margin of 40.9% compared to 41.4% in the fourth quarter of 2014 driven by higher expenses primarily related to the investments we are making to improve the customer experience and higher programming costs. Fourth-quarter programming expense growth slowed to 4.7% reflecting the timing of programming renewals while the full year increased 7.1%.

As I said at a recent conference, the rate of programming expense growth will increase in 2016. We expect approximately 10% growth in programming costs for the year driven by several contract renewals beginning in the first quarter, as well as increases in retransmission consent fees and higher sports programming costs.

In negotiating programming deals, we continue to value expanded content rights for our On Demand and TV Everywhere platforms. We are adding more content, out-of-home rights, stacking rights and back seasons ensuring we have the most compelling and competitive video product on the market. Non-programming expenses increased 8.1% for the quarter and 6.4% for the year. This growth reflects increased spending to improve the customer experience as we’ve added technicians and service personnel to strengthen our dispatch teams and operations and invested in training, tools and technology. Metrics, including on-time appointments, call pickup time and new customer onboarding success rates are all trending in the right direction.
Finally, our outlook for 2016 cable operating margin is that it will be flat to down 50 basis points compared to 40.8% in 2015. We expect programming and other expense growth will be offset through modest rate adjustments, growth in high-margin businesses like high-speed data and Business Services and cost efficiency improvements resulting from our X1 and customer experience initiatives, as well as general cost control efforts.

Now let's move on to NBCUniversal's results. On slide 8, you can see NBCUniversal delivered solid results in the fourth quarter as adjusted revenue increased 10.5% and operating cash flow increased 4.7% driven by strong results at film and the parks. Cable networks revenue increased 3.4% and operating cash flow declined 1.9% to $894 million. Distribution revenue increased 6.8% and was positively impacted by higher affiliate fees associated with NASCAR on our NBC Sports Network during the quarter.

Advertising revenue declined a modest 0.3% as the positive contribution from NASCAR advertising and increased pricing from a strong scatter market were more than offset by ratings declines at some of our networks. The decline in operating cash flow reflects the inclusion of NASCAR rights fees in the quarter that weren't present in last year's fourth quarter.

Broadcast revenue increased 7% and operating cash flow declined 5.6% to $217 million. Advertising revenue increased 7% driven by solid ratings in primetime and strong ratings growth at NFL Sports and Telemundo, as well as a strong scatter market. This higher demand in the scatter market has continued into the first quarter. Content licensing increased 35% primarily driven by straight to SVOD series produced by our studios like Master of None and Unbreakable Kimmy Schmidt, as well as an increase in production at our international studio.

Last, retransmission revenue increased nearly 40% to $136 million and totaled $535 million for the full year. We expect retransmission revenue to increase to $800 million in 2016. Total expenses increased 8% driven by the launch of mid-season shows.

Film revenue increased 25.8% and operating cash flow increased 84.6% to $143 million. Home entertainment revenue increased 75% driven by the strong performances of Minions and Jurassic World, partially offset by a 37.5% decline in theatrical revenue and higher operating costs during the quarter. This was the most profitable year in Universal's history with full-year operating cash flow increasing 74% to $1.2 billion. While our 2016 slate is not as large and will be a difficult comparison to 2015, we're excited about our strategic slate of core franchises, sequels and animated films.

Theme parks adjusted revenue increased 15.5% and operating cash flow increased 12.3%. Both our Orlando and Hollywood parks delivered higher attendance and healthy per capita spending growth, partially fueled by a record Halloween Horror Nights at both parks. Even more promising, despite having lapped the opening of Harry Potter Diagon Alley two quarters ago, Orlando continued to deliver healthy growth. In 2016, we look forward to the opening of Harry Potter in Hollywood and delivering on our plans to integrate Universal Studios Japan into our already strong parks portfolio.

Now let's move to slide 9 to review our consolidated and segment capital expenditures. Consolidated capital expenditures increased 18.6% to $2.6 billion in the fourth quarter and 14.5% to $8.5 billion for the full year. At Cable Communications, capital expenditures increased 10.2% to $2.1 billion for the fourth quarter and 14.3% to $7 billion for the year. This growth reflects higher spending on our customer premises equipment, including X1 and wireless gateways, increased investment in network infrastructure to increase network capacity, as well as the continued investment to expand Business Services. In 2016, we will continue to invest in each of these areas as they are driving positive results in our business. As a result, cable CapEx as a percent of cable revenue is expected to remain flat to 2015 at approximately 15%.

At NBCUniversal, fourth-quarter CapEx increased 65.2% to $557 million and full year increased 13.5% to $1.4 billion. Increased investment at theme parks was the primary driver of the quarterly and yearly increases and in the fourth quarter, we acquired land adjacent to one of our theme parks for $130 million.

In 2016, NBCUniversal’s capital investment plan is expected to increase approximately 10%, reflecting the consolidation of Universal Studios Japan and continued investment in theme parks. Investments in our theme parks are clearly generating strong returns as they drive increased attendance and per capita spending.

I'll now finish on slide 10 with capital returns. In 2015, we returned $9.2 billion to shareholders composed of $2.4 billion in dividends and $6.75 billion in share repurchases. As you can see on the left side of the slide, Comcast has a great track record of consistently returning capital to
shareholders. The compound annual growth rate in our dividend from 2009 to 2015 was 24.4% versus 10% for the S&P 500. Looking ahead, it is a high priority for us to continue this record of great total capital returns. This will be achieved by balancing three elements. First, the healthy annual return of capital to shareholders, which, for 2016, is the eighth consecutive annual increase in the dividend to $1.10 per share together with a plan to buy back $5 billion of stock over the course of the year.

The second element to balance is investment in our business to profitably grow the long-term earnings capacity of the Company. This includes a significant CapEx investment that I covered on the last slide. It also includes the deployment of capital to enhance our existing businesses through relatively modest business development efforts such as the Vox and BuzzFeed digital investments and the Japan park deal that we did in 2015. And lastly, it includes exploring contiguous growth opportunities as we were doing in both a variety of ways, including through Michael Angelakis’ new fund.

As we set our capital return plan for the year, we earmark some capital for the whole basket of these types of situations, but we consider each situation on its own financial merits. And since I know it’s on many of your minds, we will be filing to participate in the upcoming forward spectrum auction, but I also want to be clear that the $5 billion in planned 2016 buybacks will not be reduced in the event that we acquire some spectrum in the auction.

The third and final element of our balanced capital plan is the very important maintenance of a strong balance sheet to protect the Company in times of economic and market stress and position us to potentially capitalize on opportunities to create value in such times such as we did with the NBCU transaction. As will begin what has thus far been a very volatile 2016, we are well-positioned with our leverage at around 2 times.

With that, I’m done with the slides. I hope everyone has a good sense for how pleased we are with the fourth-quarter and full-year 2015 results, as well as our momentum as we head into 2016. Now I will turn it back to Jason to lead the Q&A.

Jason Armstrong - Comcast Corporation - SVP, IR
Thanks, Mike. Brent, let’s open up the call for questions, please.

QUESTIONS AND ANSWERS

Operator
Thank you. We will now begin the question-and-answer session. (Operator Instructions). Craig Moffett, MoffettNathanson.

Craig Moffett - MoffettNathanson - Analyst
Good morning and thanks. So Mike, one quick clarification first and then a question for Neil. Mike, you just said a moment ago that your share repurchases wouldn’t be conditional on participation in the auction. If you participate in the auction, but don’t find the prices attractive enough and end up not buying in the auction, would that suggest that you might actually increase your share repurchases?

And then for Neil, you just announced yesterday your first markets for DOCSIS 3.1. I was wondering if you could give us any color on whether you plan to offer that as a standard product or as a premium product going forward and if you’ve got anything that you can talk about with respect to how you might price it for consumers.

Mike Cavanagh - Comcast Corporation - Senior EVP & CFO
So you hit it right on the auction. We just said that we’re going to take a paddle in the auction, which means we’re going to evaluate, consider and may purchase, but only if we think the price is right after we do our evaluation of what’s available. As far as what we do in the buyback, if we don’t
buy, we will just wait to see how -- that'll be deep in the year and if there's a change of view on what we think our capacity is, at that stage, we'll come back and update you then.

**Neil Smit** - Comcast Corporation - Senior EVP Comcast Corp., President & CEO, Comcast Cable

Concerning DOCSIS 3.1, as you know, we announced five cities yesterday and we haven't priced the rollout yet, but the great thing about DOCSIS 3.1, it's a very efficient way to deliver gigabit speeds and we'll be rolling it out on a widespread basis over the course of the next few years.

**Craig Moffett** - MoffettNathanson - Analyst

Great. Thanks, Neil.

**Operator**

Jessica Reif-Cohen, Bank of America.

**Jessica Reif-Cohen** - Bsnk of America Merrill Lynch - Analyst

Thank you. I guess a couple things. First, on the FCC initiative, the set-top box initiative, could you give us your views -- given the importance of the set-top box, not just rental fees, but also data analytics, how do you see that progressing?

**Neil Smit** - Comcast Corporation - Senior EVP Comcast Corp., President & CEO, Comcast Cable

Well, I think it's premature to comment on this since a proposal has not even been seen yet. We believe that generally speaking in a dynamic environment that's rapidly changing, technology mandates just don't work very well, but we'll continue to -- we look forward to seeing the proposal and we'll work with the Chairman and his office to come up with what's best for the customers and the consumers.

**Jessica Reif-Cohen** - Bsnk of America Merrill Lynch - Analyst

And then on the video bundle, you had great video numbers and broadband, but the video numbers tell a really different story than what we've seen in the market, post the media meltdown since August. Can you give us your view from both sides of the Company on how you see the video bundle evolving over the next three to five years?

**Neil Smit** - Comcast Corporation - Senior EVP Comcast Corp., President & CEO, Comcast Cable

Well, we feel very good about the video numbers. They are the best in nine years, the best quarter in eight years. I think part of it is X1, which is a real game-changer. 60% of our subs got X1 in the net new adds and new connects. We have a great TV Everywhere proposal where 34% of our customers are using some form of TV Everywhere and the viewing hours on dotcom and mobile combined are up about 20%, so they are watching more. I think we're segmenting the market better, getting the best customers and getting them to stay longer. And we're improving the customer experience. We're developing new channels, stores, MDUs, the On Campus product we're segmenting better. So we feel good about the video numbers and the progress.
Brian Roberts - Comcast Corporation - Chairman & CEO

I think churn is the one thing that I would add to that and all that adds up with each of the products having a decrease in churn. I don't know if, Steve, on the NBCUniversal side, we --.

Steve Burke - Comcast Corporation - Senior EVP Comcast Corp, CEO, NBCUniversal

I think if you have great channels with great products like the Olympics or the NFL, or Mr. Robot on USA, your channels are going to stay in the bundle and it's going to continue to be a very good business for a very long time.

Jessica Reif-Cohen - Bsnk of America Merrill Lynch - Analyst

Can I just follow up on NBC, the land acquisition? Given the IRRs on theme parks, which are really impressive, could you talk about the usage of the land and timing?

Steve Burke - Comcast Corporation - Senior EVP Comcast Corp, CEO, NBCUniversal

Well, I think it's a little early for that. We just closed on the deal this quarter. We got 475 acres, so we have a lot of land to work with and we have some ideas, but we don't have firm plans at this point.

Brian Roberts - Comcast Corporation - Chairman & CEO

One of the great things about universal theme parks and we've seen this now in different geographies, there's a long lead time, a lot of smart planning, understanding what attractions work, but it all starts by having the ability to do that and so this land, we think, is really a wonderful strategic acquisition and it's long term down the road, I think.

Operator

Ben Swinburne, Morgan Stanley.

Ben Swinburne - Morgan Stanley - Analyst

Thanks. I have a question back on wireless and then some maybe housekeeping for Mike. Brian, I don't know if you'd comment, but you are obviously planning to at least participate in the auction. You have a large Wi-Fi footprint out there. You have the MVNO. Can you talk a little bit about where your head is at on wireless broadly? Like where is all this headed? Have you figured that out yet, or is it still very much a dynamic situation?

And Mike, I don't know if you'd help us as we think about that free cash flow number. You said $9 billion for 2015 and we think about that for 2016. I don't know if you want to help us on things like cash taxes, working cap and maybe the intangibles, which are numbers that factor in to how we think about I guess this year. Thank you, both.

Brian Roberts - Comcast Corporation - Chairman & CEO

I think you put your finger on it. We have a lot of assets in the Company and, Neil, feel free to join on this answer, but really all we're doing today is saying, we'll, as Mike called it, take a paddle in the auction to see if there's an opportunity for the Company to be rewarded in that auction with something that we think has strategic value. And in the past, that has proved to be not only a moneymaker, but given us more strategic flexibility and we want to know if that's the case this time.
Beyond that, I don't think it's any more than that and it's a free option, if you will, to get a paddle and see what the values are and how much capacity. It's a very complicated auction, as you know. It's not clear exactly what's for sale and exactly yet and all that has to be determined, but you have to make this decision now and so we're making it.

Neil Smit - Comcast Corporation - Senior EVP Comcast Corp., President & CEO, Comcast Cable

Right. I would just add we're filing to retain the option to participate in the forward auctions, which we expect to occur sometime in late spring or early summer and we have these what we believe are very valuable assets in the mobile space, 28 million customer relationships, 13.3 million hotspots -- Wi-Fi hotspots. So they are assets that we want to leverage and we're testing and learning.

Mike Cavanagh - Comcast Corporation - Senior EVP & CFO

On free cash flow, I think we covered a little bit the guidance we give or the outlook we give for the momentum we've got in the businesses and CapEx, which I hit. The other parts of free cash flow, we'll see some headwinds as we usually do in an Olympics year. It's one of our best properties, obviously and we're going to make money on it, but, on a cash basis, we will advance funds to the Olympic Committee during the year, so it will be a year-over-year negative on the cash flow side to the tune of maybe $0.5 billion. And the intangible, the software it follows suit with CapEx in cable.

Ben Swinburne - Morgan Stanley - Analyst

Okay, thank you.

Operator

John Hodulik, UBS.

John Hodulik - UBS - Analyst

A couple quick questions on the video side, maybe for Neil. First of all, it looks like, Neil, you lost about 35,000 subs. A lot of improvement over last year. At the same time, a lot of the drivers sound like we're just starting to see these things come to fruition. There's a lot more runway to go. Is it reasonable to assume that you're going to grow subs next year, first of all?

And then second of all, the improvement this quarter came with a nice stepup in ARPU as well. So are you finding that, given all the value you're adding to the bundle with all the stacking rights and TV Everywhere options, are you finding it easier to get price increases through as people are recognizing the value of the product and it continues to improve? Just trying to get a sense of how we should look at that going forward as well. Thanks.

Neil Smit - Comcast Corporation - Senior EVP Comcast Corp., President & CEO, Comcast Cable

I think I'd look at it through two lenses. One is we have what we believe is the best product out there in X1 and that's helping to drive ARPU because you are getting more VOD views, 40% more VOD views, you are getting lower churn. You are getting more DVR -- 50% more DVR usage or subs and you're getting additional outlets. So all that drives ARPU. That's positive.

I think the other things we're doing in the business in segmenting and driving channel performance and bundling effectively and targeting customers is improving the throughput of the subs and then we're retaining them for longer and a lot of that is better customer experience, targeting better subs and getting them the right package. We're segmenting with different offers for different customers. On Campus is an example;...
Internet Plus is an example; Stream is an example of a product that we’re targeting at a specific segment. So we’re giving them the product they want at the right price and we’re retaining and we’re servicing them well and retaining them longer.

John Hodulik - UBS - Analyst

Got it. Thanks.

Operator

Vijay Jayant, Evercore ISI.

Vijay Jayant - Evercore ISI - Analyst

Thanks. Also for Neil, any color you can give us where you are on your trajectory with some of the segmented skinny products and how much runway do we have there, at least very broadly to your carried minimums? And second, on an IP-only product, I know you have a low-end proposition in the market, some of your peers have talked about rolling that out in the next year. Is that something you think could be a good strategy going forward? Thanks.

Neil Smit - Comcast Corporation - Senior EVP Comcast Corp., President & CEO, Comcast Cable

Concerning the skinny bundles, they are actually a very small percentage of our overall video customer base and we do feel we have room with the programmers and the penetration rates. In the fourth quarter, 75% of [the year over year improvement in] (corrected by company after the call) our video adds were at the higher-end packages. So I don’t want to overstate the significance of skinny bundles. The Stream product we just rolled out in a few markets in Boston and Chicago. It’s probably too early to say what it will turn into over time, but we feel good about the usage and good about the product. It’s a good value proposition for the customer and we’ll continue to roll it out to other markets.

Vijay Jayant - Evercore ISI - Analyst

Great. Thank you.

Operator

Jason Bazinet, Citi.

Jason Bazinet - Citi - Analyst

I have a question for Mr. Roberts. Given your past success in M&A, the lean balance sheet that you have, the more muted, maybe, buyback relative to your cash flow, a lot of investors in meetings that we’re in put on the radar screen more transformative M&A in wireless, in the Internet space, European cable. Do you think that’s a misguided notion, or is that something that investors should think about in terms of the realm of possibilities for the next year?
Brian Roberts - Comcast Corporation - Chairman & CEO

Well, thanks for the broad way you asked the question and I will give you an answer that I think covers a lot of territory. It’s always amazing to us, sometimes almost humorous, but none of this is ever humorous, what we read about ourselves in every possible M&A scenario that gets invented. And in many cases, it’s literally that, just invented. And we’re always trying to remain focused on some core principles.

First of all, really like the company we have right now and I think we've said that consistently and nothing has changed in that view. If anything, I think we feel better about our mix of assets, NBCUniversal, doubling the cash flow in the five years since we bought it. I think we bought it right, but we've operated it even better. And so I sit there and look at those scenarios and many others that have been suggested and there's nothing we feel we have to do. At the same time, Mike Cavanagh and the team that he is building are always looking to see if there's ways we can grow shareholder value and look for new opportunities as the markets evolve.

But sitting here today, our plan of record in 2016 is to execute on a business plan, stay focused and I don't feel the need that we need to go and change the face of our Company. I think we're in a wonderful, unique position at the cross-section of two industries and we're leading the way in both.

Jason Bazinet - Citi - Analyst

Thank you very much.

Operator

Brett Feldman, Goldman Sachs.

Brett Feldman - Goldman Sachs - Analyst

Thanks. Earlier when Mike was talking about programming costs for 2016, he noted that one of the reasons why the rate of programming cost is going up is that you’re getting more rights and you talked about examples of that such as stacking. So two follow-up questions on that. The first is does your expanded rights package in some of these new agreements allow you more flexibility to put together different channel programs? Meaning you're paying a bit more and maybe you could put together skinnier bundles on a broader basis as a result of that.

And then, in general, how close are you to getting the expanded rights across all of your programming agreements with the concept of the question being, once you get to the point where you feel comfortable with your stacking rights and your TV Everywhere rights and anything else across most of your agreements, is that a point at which the rate of programming costs growth might be a bit slower than what we're going to see this year? Thanks.

Neil Smit - Comcast Corporation - Senior EVP Comcast Corp., President & CEO, Comcast Cable

Well, most of the difference between Q4 and what we're projecting for 2015 is just timing of when contracts renew or terminate. So that's point one. We do feel that we get a wide set of rights, including stacking rates, as you mentioned, in and out of home rights, in some cases, digital rights. So we've increased our rights and it does give us more flexibility in terms of how we package. Each contract is a little bit different, but we -- as you can see from our different offerings, I mentioned Internet Plus, Stream, Watchable. We're innovating in the packaging area to get customers a package that's appropriate to them and whether it's streamed or delivered in a linear fashion, we're getting increasing rights and more flexibility. And we work together with the programmers to define the best value.
Brett Feldman - Goldman Sachs - Analyst
And then just with regards to the second part, do you feel like you've done a lot of that work, or do you think it's something that's going to be ongoing for a period of time?

Neil Smit - Comcast Corporation - Senior EVP Comcast Corp., President & CEO, Comcast Cable
I think it's going to be ongoing. I think the video marketplace is very dynamic now. There's a lot of competition and I think the programmers recognize this as do the distributors and we work together to -- we trial things all the time and we're working in both the programming packaging space, as well as the advanced advertising space to deliver more value via more targeted advertising. So it's an ongoing conversation.

Brett Feldman - Goldman Sachs - Analyst
Great. Thanks for the color.

Operator
Anthony DiClemente, Nomura.

Anthony DiClemente - Nomura Securities - Analyst
Thanks for taking my questions. I have two for Steve. Steve, can you just share with us please the strategic thinking on licensing the five Thursday night football games and how that NFL contract will work its way into the NBCU financials this year?

And then, secondly, the distribution revenue growth at the cable networks is 6.8% in the quarter. Just wondering if you can give us -- kind of break down that number in terms of what was the affiliate rate increase per sub and then what's the subscriber volume underneath that number and is that a sustainable type of growth rate going forward into 2016? Thank you.

Steve Burke - Comcast Corporation - Senior EVP Comcast Corp., CEO, NBCUniversal
Let me answer the second question first. We had a slight decline in the number of subscribers that was overmatched by a series of rate increases. It’s going to be lumpy quarter-by-quarter and year-by-year on the affiliate side, but -- and this is probably on the low end of what you can see in the future -- but it will be lumpy.

On the NFL, the number one show on television is Sunday Night Football and is a very, very important part of our business. Football is profitable for us now. It will be profitable for us after the Thursday night deal and the ability to have these 24 football games, which will be 24 of the highest rated nights of the year, is very, very valuable for a marketer that wants to reach a broad audience. In fact, getting more valuable all the time as the world continues to fragment. So we're very happy that we were selected. The NFL has put their faith in our team and our broadcast and we're delighted about it. It's really the best programming, most powerful programming on television and we got it at a very fair rate.

Anthony DiClemente - Nomura Securities - Analyst
Thanks very much.

Operator
Marci Ryvicker, Wells Fargo.
Thanks. I have two questions. The first one is for Neil. We know about the tough comp in equipment charges as it relates to ARPU for 2016 versus 2015. But can you talk about maybe other rate increases in cable and how it might compare to 2015 in terms of magnitude and timing?

And then the second question is for Steve. It was mentioned that scatter remains strong in Q1 and we’re starting to read about a slowdown in auto, but it sounds like you are not feeling any of this yet. I guess is that a correct statement, and is there anything anecdotal about auto specifically that you are hearing? Thanks.

Concerning rates and equipment, we’ll continue with the accelerated X1 rollout. We’re putting out 40,000 boxes a day, which, if you do the rough math, it’ll get us in the range of 50% of the footprint covered by the end of the year. In terms of capital intensity, we said it would be around 15%, so I think that trend will continue. We are investing behind things we know are good investments like X1 and I think that’s the basic story. We are investing behind Business Services, behind Wi-Fi advanced routers, DOCSIS 3.1 and these are all things that I think you can see from the sub numbers in the financial results, we’re balancing well the investment, as well as the return.

So I think the scatter market is as strong as it’s been any time in recent memory and when we went through the upfront, we were wondering -- everybody was wondering -- is more money going to digital and is that depressing the upfront or are advertisers just waiting. And it now appears given that scatter has been strong now so consistently that a lot of advertisers were waiting and placing their money later. I don’t think there’s anything to worry about in terms of the automotive side of the scatter market. I think the whole market is very strong. Automotive should be very strong. And the good news is we’re now in February and we’re getting closer and closer to the upfront. So I think there are reasons to be optimistic about the trajectory for the upfront process.

Great. Thank you.

I have a two-part question on dynamic ad insertion. Comcast has been one of the biggest proponents of a targeted dynamic ad insertion model going back to really before you owned NBCU. Can you talk about NBCUniversal’s strategy for reaching households beyond the Canoe partners, beyond those big cable companies? And also, secondly, Canoe placed about 11 billion impressions last year, so it was almost double 2014, but still a pretty small percentage of TV ad impressions in your footprint. Can you help us understand at this point what the impediments are to really scaling the platform more on the On Demand side and also can you talk about what it would take to extend the dynamic ad insertion platform to linear viewing as well? Thank you.
Neil Smit - Comcast Corporation - Senior EVP Comcast Corp., President & CEO, Comcast Cable

Steve, why don’t I start and then hand it over to you if you have any additional comments. We believe there is a real opportunity in the linear space to do some of the things that the digital space does so well such as measurements and targeting and we have done a few acquisitions, FreeWheel and Visible World, that fit into building that platform that delivers from targeted advertising both from the demand side, as well as the sales side, making it easier for the customers to deliver their ads.

We have Visible World, which delivers the targeting system. We have set-top box data, which can power it and we think we’ve – we’re still building the platform, but we’re delivering value as it is to a number of programmers. I think that concerning Canoe, it’s an integral part of delivering the dynamic ad insertion and I think we’re -- one of the other things we’re working on is what’s the right ad load in VOD and can we improve the ad targeting and delivery of that system. Steve, do you want to add anything?

Steve Burke - Comcast Corporation - Senior EVP Comcast Corp, CEO, NBCUniversal

I think broadly what advertisers are talking about in almost every single discussion is how to use the data that they are accustomed to getting from when they place a digital buy, how to get that with a television buy. And if anything, I think the pendulum is swinging a little bit back toward traditional television advertising, putting a 30-second spot on television. Obviously, the Nirvana is to have nationwide addressability. I think that’s years away and difficult to cobble together for all the obvious reasons.

But, in the interim, we have a whole variety of products that we have right now in the market that take advantage of set-top box data and other information overlaid on top of our shows and existing ratings data so that we can go to advertisers and say we have more eyeballs than anybody else in America, than any other company in America and we can inform your purchases of those eyeballs, we think, as well or better than anyone else. So it’s not like we’re waiting for addressability, but obviously addressability is a final end state, which I think is going to make television advertising that much more valuable.

Bryan Kraft - Deutsche Bank - Analyst

Great, thank you.

Operator

Mike McCormack, Jefferies.

Mike McCormack - Jefferies & Co. - Analyst

Neil, maybe just a quick comment on very strong broadband adds, what you are seeing out there. Was it a reduction in churn, better gross adds, a combination of the two? Any particular markets where you had more success than normal? And then maybe just the follow-up on Wi-Fi hotspots and handoff. Can you just give us an update on what you’re seeing from a customer experience standpoint on handoff technology and quality of service? Thanks.

Neil Smit - Comcast Corporation - Senior EVP Comcast Corp., President & CEO, Comcast Cable

Concerning the HSD numbers, I think that it was strong delivery across the board. Almost every market had indexed higher on connects, but the biggest driver was disconnects or churn and that was across the board in the business, not just HSD. So I think there’s still room for growth. 70% of America has broadband and there’s room for growth within the sector and we feel we’ve got the best, fastest Wi-Fi in the household and we can deliver a great experience. We are rolling out DOCSIS 3.1 and I think it’s going to be a good business for us going forward.
Concerning the Wi-Fi hotspots, people are connecting who use it about five times a day and the average session is over 25 minutes. So we’re seeing consistent usage. We build out the public spots based on the usage trends we see and I think concerning the handoff between Wi-Fi and cellular, there is some technology out there. The question is whether you’d need to do the handoff or not and how seamless it would be, but we are looking at technology in that space as well.

Brian Roberts - Comcast Corporation - Chairman & CEO

Let me just add to that that one of the things I think we did really well over the last few years was have our technology team, led by Tony Werner and others, really see around the bend, see Wi-Fi, make an investment so our definition of broadband is totally different today than it was five years ago for what you get as a consumer and I think that goes back into whether we can do something creative in the future, whether that’s involving spectrum or Wi-Fi or some of the existing relationships we’ve got.

So as I sum up, I think about the fact that 2015, amazing year. I think these numbers across the board -- I thank all our colleagues -- stand out in industry because it’s not just great subscriber numbers, but it’s also strong financial, cash flow and growth. Doubling the cash flow at NBC since the acquisition is a real milestone that we’re pleased with and I think we’re better together and that both sides of the Company are more informed. We have a collaborative culture, not only strengthening each other, but strengthening ourselves and together I think that makes Comcast NBCUniversal very unique.

And as we thought about return of shareholder capital, we increased it 40% in 2015. We are reinvesting in the business first and foremost, things like Japan and Vox and BuzzFeed. Our dividend has increased since 2009 on an almost 25% compounded growth rate, 10% for the S&P 500. So we think we continue to return capital, but we also want to use the growth that we’ve got to play offense with things like X1 and the kind of things we’ve been talking about in the call. And I think we’re doing that well and mostly giving customers what they want and that cultural shift, which really, Neil, you started in the second half of the year is paying dividends. So thank you for your support. We look forward to a great 2016.

Jason Armstrong - Comcast Corporation - SVP, IR

Thanks, Brian and thanks, everyone, for joining us today. Brent, back to you.

Operator

Thank you. We have no further questions at this time. There will be a replay available of today’s call starting at 11:30 AM Eastern Time. It will run through Wednesday, February 10 at midnight Eastern Time. The dial-in number is 855-859-2056 and the conference ID number is 9896818. A recording of the conference call will also be available on the Company’s website beginning at 11:30 AM Eastern Time. This concludes today’s teleconference. Thank you for participating. You may all disconnect.