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EDITED TRANSCRIPT

CMCSA - Comcast Corporation at Deutsche Bank Media, Internet and Telecom Conference

EVENT DATE/TIME: MARCH 10, 2014 / 12:35PM GMT

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CORPORATE PARTICIPANTS

Neil Smit *Comcast Corporation - President and CEO Comcast Cable, EVP Comcast Corp*

CONFERENCE CALL PARTICIPANTS

Douglas Mitchelson *Deutsche Bank - Analyst*

PRESENTATION

Douglas Mitchelson - *Deutsche Bank - Analyst*

Good morning. We are going to start with our next session.

So very pleased to have with us this morning, Neil Smit. Neil has a few titles here, President and CEO, Comcast Cable, Executive Vice President of Comcast Corporation. Welcome back to Florida, Neil.

Neil Smit - *Comcast Corporation - President and CEO Comcast Cable, EVP Comcast Corp*

Thanks, Doug, great to be here.

Douglas Mitchelson - *Deutsche Bank - Analyst*

So our goal this morning, we're going to do a deep dive into the Time Warner Cable integration execution, the 2014 operating priorities, what the future might look like for Comcast Cable, and I'm just going to apologize upfront, I'm not clear on time if we're going to have any time for questions from the audience. I apologize in advance for that if we don't, but we will do our best.

So usually we start with operating priorities, but you made this little acquisition announcement and I think the people in the room would rather have us start with that. Time Warner Cable was looking at moving to a new brand name.

Neil Smit - *Comcast Corporation - President and CEO Comcast Cable, EVP Comcast Corp*

Yes, we were getting a little bored back at home, so we decided to partner up with them.

Douglas Mitchelson - *Deutsche Bank - Analyst*

So, you spent a fair amount of time recently with Time Warner Cable management. Just broad strokes, what are the operations and the strategies?

Are the two companies similar? Where are they different?

Neil Smit - *Comcast Corporation - President and CEO Comcast Cable, EVP Comcast Corp*

I think the good news is that the three-year plan that Rob Marcus laid out at Time Warner Cable is very consistent with the way we would approach the market. We'd start with an network. We are allowed all digital, DOCSIS 3.0, get them on our IMS VoIP voice platform, our CDN, so we would lay the foundation for the products.

Then we come in and launch products like TV Everywhere, X1, so advanced products, higher speeds off of DOCSIS 3.0 and then finally we'd go ahead and launch the brand, XFINITY brand. The good news is we're been doing this for the last three or four years. It has been our mission for the last three or four years is building out the network, ensuring the reliability of the product and launching the product on top of that, so I think we are very similar in that regard.

Where we may differ slightly is we tend to focus more on Triple Play bundling. So we have about 800 basis points more of Triple Play customers than Time Warner Cable does and on the business services side they have been more focused on mid-market than we have. We started out more focused on small and medium businesses.

But I think generally speaking we are very well aligned. We are interested in getting great products to customers and a great customer service experience.

Douglas Mitchelson - *Deutsche Bank - Analyst*

So you've signed up for $1.5 billion in synergies and put more pressure on you. I think there are a lot of people in this room who are wondering if that amount could even be conservative. Can you walk us through those synergies, and as you know I thought about them in three buckets, the ones that are easily achieved, the ones that will take a little bit more effort and the ones that you didn't include in the $1.5 billion because it's just too early to have enough visibility to be confident in the number.

Neil Smit - *Comcast Corporation - President and CEO Comcast Cable, EVP Comcast Corp*

Right. From a synergy perspective I would break them down into a few categories. One is where there is duplication of effort in overhead areas.

These are areas where we are both doing the same thing or we may have agencies or suppliers who are doing the same thing and we would seek to consolidate there. Those are relatively easy to get.

The second category are operating synergies where there -- we would migrate onto the same networks, the same backbone, the same CDN, the same IMS, and we would look at how we are doing supply chain and warehousing and marketing and marketing agencies. So basic operating synergies.

Programming, which is the minority of the synergies, is another area where we would see opportunity. And then finally CapEx, and CapEx we get fairly readily just leveraging more scale from the suppliers.

So I think that we have been very conservative in our estimates. And we did not include any revenue upside potential, which I believe the revenue potential, the upside synergies there are greater than the cost savings.

Douglas Mitchelson - *Deutsche Bank - Analyst*

And I think we are going to dig into those in a little bit. I think one of the things that I think about when I think about the last few major deals in cable is it is not easy to integrate cable systems these days. The business has become so much more complicated than it used to be, so many more products, multiple tiers of service, multiyear commitments with customers, they are locked up on different promotions and strategies.

So early days, two thoughts, first, what gives you the confidence you can overcome the distraction of such a large integration exercise, you still have the old Comcast to run? And second how should we think about your approach to Time Warner Cable, the day after close? Is it going to be a shock-and-awe strategy, you go in there quick and fast, is it steady, how do you think about how quickly can you make Time Warner Cable look like Comcast?

Neil Smit - *Comcast Corporation - President and CEO Comcast Cable, EVP Comcast Corp*

I think in the first place we have done these large scale integrations before. We've done AT&T Broadband, we've done Adelphia, a lot of the people in the business have been through this drill before.

Our primary focus is to keep the existing business running well and I think that is the same case for Time Warner Cable. We have a small integration team that we've put together. We have met with Time Warner Cable already and we've paired up the right people together so they can begin diving into the information.

So I think we can run the business very effectively without any distraction. In terms of how we go about the executing, I think some markets will be -- we will go in much more aggressively. We've got to get the platform in place, the underlying platform, so we have to make sure the services can be launched on them, but we intend to go in at a fairly quick rate.

We will go all digital quickly. Time Warner Cable is already in that process and once we go all-digital we can free up bandwidth, launch more HD, lunch more VOD over our CDN, we can increase the speeds over DOCSIS 3.0, rollout Wireless Gateway. So a lot of things that we have been doing for the past three or four years, so that's the way we would approach the markets.

Douglas Mitchelson - *Deutsche Bank - Analyst*

I think one of the most -- if I could just follow up on that, is there sort of a good length of time that investors should think about in terms of from a standing start, take over Time Warner Cable tomorrow, is it one year, three years, five years before we should think, okay, this is fully integrated?

Neil Smit - *Comcast Corporation - President and CEO Comcast Cable, EVP Comcast Corp*

What we said is in the synergies is that it would be $1.5 billion over three years with 50% coming in the first year and the other 25% coming year two and 25% year three. Those are in the cost-saving synergies.

I would think from my perspective I would like to see a lot of the initiatives rolling within the first year. So we'll go about it fairly quickly.

Douglas Mitchelson - *Deutsche Bank - Analyst*

So you've talked about the most important aspect of the deal, you expand the footprint, you get greater critical mass, you can go after new revenue synergies, almost supercharge some of the new revenue streams that the cable industry has been working on and Comcast has been working on. You gave some details for revenue synergies at the conference poll and it's probably worth for this audience going back through those, but also is there anything beyond that that you could offer as potential future revenue synergies on the deal? Any commentary as well that you are willing to size each of these opportunities would be nice, share.

Neil Smit - *Comcast Corporation - President and CEO Comcast Cable, EVP Comcast Corp*

As I said, I think the revenue synergies are greater than the cost synergies. On the revenue synergies side the first would be in the residential area where we would seek to bundle more and that is call center training, that's teaching people to sell another RTU on a call, on a service call, fix a billing problem, upsell to a third product, so just bundling better. You get higher ARPU, higher retention, lower churn rates.

The second would be in the business services area. We are in SMB, midsize and we haven't yet moved into the enterprise space, but having a near national footprint would open up that enterprise space and we think that's about a $15 billion opportunity and we have great products we can bring to market there especially on the connectivity side.

The third area would be advertising where we have, again, a near national advertising platform. And we could bring to scale some of the products that we can target better with, DOD dynamic ad insertion, for example, where we are deployed nationally. We just bought a company called FreeWheel who does digital advertising on the video side.

So if you assume that linear advertising is going to digital and digital is going to video, that's where Freewheel plays. And it is the biggest ad servers of the digital video ads and so we think that's a great trend and we can apply that to the advertising side as well. So those would be three great opportunities that we feel we can execute on on the revenue side.

Douglas Mitchelson - *Deutsche Bank - Analyst*

Is there any big picture sort of longer term that we should be thinking about? I know whether it's an s-bot service like you have Streampix, you gained electronic sell through, you've got extra cloud-based services, IntelligentHome, you've got a wireless MVNO, exclusive programming.

Not to throw too many out there, but is this more let's execute on the first phase and see what happens? Or are you also looking further out to the future and saying with this platform we can do some really special new things?

Neil Smit - *Comcast Corporation - President and CEO Comcast Cable, EVP Comcast Corp*

No, I think the X1 platform brings with it just a ton of capabilities. And it is a platform.

So you mentioned EST. We launched EST in November and it is growing at a great pace. We just signed Sony this morning where we will get movies like Captain Phillips and back episodes of shows like House of Cards and Orange is the New Black.

So that is growing. We would seek to extend that.

We are testing other services like games on the X1 platform. We have a Wi-Fi network. We put out 8 million advanced gateways last year, which have dual SSIDs, so both the private and the public networks.

We have hotspots there. We're building up the Wi-Fi network. We have MVNO relationships that we could leverage.

So I think all of the above are opportunities we will seek to leverage as we go forward. But the first thing is get the network in place, go all-digital, launch X1 and then build off that platform.

Douglas Mitchelson - *Deutsche Bank - Analyst*

And we don't have that many acronyms in media and pay-TV but I should have said EST is electronic sell through. So I think everyone wants to hear about the regulatory process. I know you guys have made some commentary and I know it is a tough thing but can you just refresh us sort of what's the next key events, timing, how much resistance do you expect from regulators, to the extent that you can gauge that today, because now you had the post deal announcement reactions from DC.

Neil Smit - *Comcast Corporation - President and CEO Comcast Cable, EVP Comcast Corp*

So we have the FCC, DOJ, the state regulatory officials franchise, PUC and then the shareholder votes for both companies. So that's the breadth of votes or agencies we have to go through.

We are very optimistic. We are not eliminating a competitor from many market. If they were three providers before there will be three providers afterwards.

We don't overlap or compete with Time Warner in any market. We think we're bringing great value, new value to business services through our product offerings and opening up new competition in areas like enterprise space.

To the residential side we're bringing great new products like X1, so we feel the case is very strong. We think that the deal, we are optimistic things can finish by the end of the year and we look forward to working with the regulatory officials on the process.

Douglas Mitchelson - *Deutsche Bank - Analyst*

I know there's not much more you are going to say than that, some going to leave that one there. Let's get back to your day job. So 2014 Comcast Cable execution priorities.

Neil Smit - *Comcast Corporation - President and CEO Comcast Cable, EVP Comcast Corp*

I think first we're focused on the high-growth businesses, HSD and business services. So HSD we grew it about 8% last year, put on 1.3 million customers, we've got the fastest Wi-Fi network out there and it continues to grow.

There is about a 70% broadband penetration, we think that could be 85%/90%. So the market is growing and we are growing share within it. We have put on 1 million customers for the last eight years, or more, and we think we've got a great product there and it is going well.

On the business services side, so we have small and medium businesses where we are about 20% of the market share there. It's a $10 billion to $15 billion opportunity.

We see growth there. That's about 80% of our revenue.

Midsize businesses we are about 5% penetrated their, 5% market share, it's about another $10 billion to $15 billion opportunity. We've got great products there like Metro E and Hosted Voice and others, TBX.

So that business is growing very well. It is growing at a faster pace than small, medium business but is about 20% of our overall revenue.

It is accretive to the business. And then finally, the enterprise space, which as a mentioned could open up with the Time Warner merger.

The second priority is focusing on video. Video we have reduced our losses 11 of the last 13 quarters. We went positive in Q4 for the first time in 26 quarters, so we're seeing good momentum in that business.

X1 rollout has been going very well. We actually when we rolled out the product initially we blew through the inventory quickly and had to ramp new production lines, so customer acceptance is fantastic.

We are focused on driving both sub growth as well as ARPU in video. Video revenue growth this year will be a bit off because last year we took charges on both the equipment, the DTAs as well as service and this year we're just taking charges on the service side and not the equipment.

But it's a great business. It's 50% of our revenue, and we're seeing good growth and we think we have the best product out there.

And then finally customer service where we're spending a lot of time. We want to fundamentally transform customer service.

We are doing a lot of things for the customers. There's more self-service, 42% of the installs are self-service installs, 35% of the time people are doing things managing their accounts on their own, so we're getting more online account management where they can schedule their appointments and change and what not.

We are doing more for the reps, there are better tools. I was in a call center, a premium service call center, where we provide an extra level of quality for our higher end customers and there was a chat tool on the desktop where the agent could chat with both the dispatch and the technician in real time to serve the customer.

And we're just doing more with the product. The products are more reliable. X1, because it is in the cloud, is more reliable, less points of failure and we took out -- we are getting things right the first time -- we took out 8 million truck rolls over the last couple, two years, 11 million calls, so we're really focused on what the customer wants. I understand there are going to be problems, we've got it right the first time.

Douglas Mitchelson - *Deutsche Bank - Analyst*

I think we are going to hear on each of these and I think X1, X2, sort of a big topic and an important one and sort of just joking with you we're going to need a new acronym soon or we are going to be on X18 soon before we know it. But it still sounds cool at X2, that still seems to work.

You recently announced an accelerated rollout of X1. I think you've talked a bit about some of the benefits of that. But what does the accelerated rollout mean, which and how many customers were getting X1 before, how many will be getting it now, how is that evolving?

Neil Smit - *Comcast Corporation - President and CEO Comcast Cable, EVP Comcast Corp*

So we are really trying to optimize our CapEx here and the IRR on it. Our first focus is on the high-end Triple Play and Double play customers and acquisition, primarily. Those are going to be the ones we're going to get the best experience to as soon as possible and to drive the highest IRR.

We are also using it in retention where you've had the customer, you have spent the money to acquire them and we want to retain them longer with an X1 experience. Over time we will migrate to existing customers, and existing customers, Triple Play and high-end Double Play can get the box today but it is not quite as higher return because you are swapping out existing inventory for new inventory there.

But we feel we've got good CapEx and we're rolling out at a very aggressive pace and the results have been fantastic so far. VOD views are up 25%. VOD transactions are up 20%.

About 20 points more of DVR purchase, so they are buying more DVR service. Churn is down double digits. Interestingly, in the viewing side, VOD viewing, or time shifted viewing is up, but linear viewing is up as well.

So we are seeing a overall -- people are just watching more TV because it's easier to find, easier to discover, the recommendation engine is working very well. So it's just a fundamentally better experience.

Douglas Mitchelson - *Deutsche Bank - Analyst*

And one thing I want to make sure I get right because if I run just video churn out, you could get to, you have said a majority of your customers I think in two or three years on the X1 platform is the goal? You could get there just giving all your new customers X1 pretty much, so who's specifically getting the X1 platform and isn't the majority of X1, the majority of the platform a pretty easy goal to get to, or is it a hard goal to get to?

Neil Smit - *Comcast Corporation - President and CEO Comcast Cable, EVP Comcast Corp*

It's a reasonable goal. I don't think -- it's not unreasonable.

I think that if you are getting Triple Play and Double Play customers, and the majority of our customers right now are Triple or Double Play, we've got 44% Triple Play and another 35% Double Play, in that range. So as you can see those customers who are the makeup the vast breadth of our base would be getting the X1 experience, so it will roll out pretty quickly.

Douglas Mitchelson - *Deutsche Bank - Analyst*

So I guess the trigger would be for us to watch when you take that and say okay every customer gets X1 versus Triple Play and most of Double Play. Are the X1 customers skewing in anyway where the results that you have been having so far you might look at those and say I am not sure that is going to apply to the rest of the base?

Neil Smit - *Comcast Corporation - President and CEO Comcast Cable, EVP Comcast Corp*

No, we are pretty careful about making sure we are comparing apples to apples and each of the cohorts are clean and pure. So we manage that very closely because we don't want to make any false assumptions in our numbers.

Douglas Mitchelson - *Deutsche Bank - Analyst*

And you mentioned, or we talked about electronic sell through a little bit. The Lionsgate CEO indicated you are 15% of the $1.2 billion electronic sell through market in obviously a very short period of time.

Is that accurate? And is there any goals we should think about for that particular product?

Neil Smit - *Comcast Corporation - President and CEO Comcast Cable, EVP Comcast Corp*

Well, it may be accurate for Lionsgate and they have been fantastic partners of ours. I don't know if it holds true for the whole industry.

We launched with Lionsgate, Universal and Fox. Since that time we signed Warner two weeks ago and we announced Sony this morning. We've been the number one retailer for Despicable Me 2, Fast and Furious 6, Hunger Games, I think we were number two for Gravity when we launched it behind iTunes.

So it's a great product. I think the value of it is both the currency of the product that it comes out before VOD two or three weeks before VOD and right following theatrical, and via the convenience of it, you are on your TV, you don't have to go to a laptop or a smart phone, you are on your TV you can click to rent or click to buy and it is really that simple.

So it surprised us how well the product has done and I think it shows, demonstrates a few things. One is, this product originated as an idea from Steve Burke, who runs NBCU and Steve said, could you build a product like this, and I said, sure, give me a couple of months and we will build it.

So we built the product and launched it and it is been a great success. So I think the value of having the two companies together is really in that ability to pick up the phone and throw an idea past your counterpart and get things done without signing contracts for six months.

The other interesting aspect of it is how quickly we can launch things on the X1 platform because everything is in the cloud and is a software-based platform, we can integrate pieces into it very readily. We are a X2, which is just a software version. It's a, the name is X1 and we have done that in less than a year after launching X1, so it's a very powerful platform going forward.

Douglas Mitchelson - *Deutsche Bank - Analyst*

I think VOD is something that, at least I personally have a hard time tracking because you have so much of it. And so when we think about the vision for Comcast video on-demand we're all talking about stacking rights for media companies, what's the value of that and what is the right way to distribute those rights?

Obviously you have Streampix, which no reason why you wouldn't think that your customers might not want to be willing to pay for access to older content. What is your vision for VOD and the pieces that you would like to bulk up even more?

Neil Smit - *Comcast Corporation - President and CEO Comcast Cable, EVP Comcast Corp*

Well, the way we think of it is you have live linear then current season and then library. Those are the three chunks.

Live linear we have the most comprehensive set of content and rights. We have the largest set of TV Everywhere rights we believe in the market and we are leveraging those across multiple platforms.

In terms of the VOD rights, or current season, the way we work with programmers is we say listen we will disable fast-forward so we can get the C3 ad credit. And you can also get the C3 credit in previous episodes, so you can insert dynamically new ads or current ads into old episodes, but we want in exchange for that is the full current season.

That's we believe, what the consumer has valued the pay-TV window as. They watch an episode of a show, they want to go back and see what the series is about, they want to go back to episode one, so trailing four or five will seem somewhat arbitrary. So that's what we're focused on in VOD.

And then library, Streampix serves that purpose as does the EST where we don't have it in Streampix or VOD, the EST will pick it up. So we will have the most comprehensive offering of products. And I think if you can have that comprehensive offering of content and overlay it with the best search and recommendations engine and the best viewing experience, which we think X1 has, it's a very powerful combination.

Douglas Mitchelson - *Deutsche Bank - Analyst*

And obviously the bigger your platform the easier it is to invest in something like Streampix, but is that something we should think of as just a slow evolution every year, you pick up some more rights, or is there a point where you say you know what, this is an area our customers want, let's go after this opportunity and spend more?

Neil Smit - *Comcast Corporation - President and CEO Comcast Cable, EVP Comcast Corp*

I think what we do look at is what customers are watching and we try and get the content that people are interested in viewing. We try to make it complementary to our service, so it evolves over time based on consumer viewing habits.

Douglas Mitchelson - *Deutsche Bank - Analyst*

So last quarter you talked about talks with Cox on the X1 platform and obviously it's a pretty powerful platform. I think a lot of people in this room think that ultimately could end up being the de facto cable platform, I don't think that's sort of a stretch to say now. Can you talk a little bit about the puts and takes of bringing others in the cable industry into the X1 platform?

Neil Smit - *Comcast Corporation - President and CEO Comcast Cable, EVP Comcast Corp*

Sure. A is we think it's a great platform. We have been in conversation with a number of other MSOs who would like to have the platform.

Our first priority was to get it launched and stable in our own environment, which we have accomplished. And now we are in conversations with other MSOs on how we would license it and how it would work.

A lot of the work in launching X1 was in the backend integration, so we have put out our reference design kit. We have almost 200 customers on it now, which is the underlying base software to go to video IP.

So we're starting to get standardization which I think it's healthy for the industry. It helps us all to launch products at a quicker rate and more standardization makes it easier for the manufacturers.

So we will keep working with other MSOs. I think the pro of it is it brings more standardization to the industry and you get more suppliers and more content players on a standard platform.

It is easier to integrate and I think the difficult part of it is keeping the business focused on execution. So we have entities who are service entities like thePlatform, is one of our subsidiaries and they could help provide that service, or other providers who we currently work with suppliers could help launch the service. So there are ways of doing it without getting the tech team distracted.

Douglas Mitchelson - *Deutsche Bank - Analyst*

So should investors think about all of this as a revenue margin return opportunity? When would we see the returns in the Comcast results for all of this investment and development?

Neil Smit - *Comcast Corporation - President and CEO Comcast Cable, EVP Comcast Corp*

I think you see it every day. I think on the video side we had a great year last year.

The HSD side we were up 8%, put on 1.3 million subs. The TV Everywhere experience, for example in the Olympics, the recent Socci, there were 24 million cross-platform views versus 3 million in Vancouver.

So there's more usage of the platform, of the Wi-Fi platform, of the X1 platform, of the faster speeds. So I think we will continue to see the growth in the business and we're going to keep focusing on driving innovation.

Douglas Mitchelson - *Deutsche Bank - Analyst*

So let's go back to broadband. I think one area you've talked about a lot is Wireless Gateways. And I think a lot of us have Wi-Fi in our homes already so we are trying to picture what that opportunity is. Can you size it for us, what is the opportunity with Wireless Gateways?

Neil Smit - *Comcast Corporation - President and CEO Comcast Cable, EVP Comcast Corp*

We put out about 8 million advanced wireless gateways. And the difference, if you think about it, was all in throughput.

The throughput before hand, call it three years ago, was about 25 megabits per second. So you can have a 1 gig pipe coming up to the side of your house but you were only getting a throughput of 25 megabits per second on the Wi-Fi network.

The new routers we've worked with suppliers to develop put out about 250 megabits per second. So you're getting much better throughput through the household.

That means you can hang more devices, tablets, laptops, smart phones off of them and get the same, or get a great experience. We think with the Internet of things there are going to be more devices hanging off the network, so how that evolves we will see.

Our XFINITY home product's an example of that. And I think as we put these gateways in there is a private network aspect of it, one SSID that serves the house and then there is a public access hotspot. We are building out the Wi-Fi network deeper through all of these access points, or hotspots.

I think Wi-Fi is very interesting over time. If you think about the fact that 70% of data, mobile data is consumed over Wi-Fi, that's a pretty powerful statistic and it continues to grow. And so we're going to keep building out our Wi-Fi network.

We have MVNO relationships with both Verizon and Sprint. And we'll see how that -- how we leverage that going forward.

Douglas Mitchelson - *Deutsche Bank - Analyst*

Should we think of that as a revenue opportunity, or a churn opportunity?

Neil Smit - *Comcast Corporation - President and CEO Comcast Cable, EVP Comcast Corp*

I think both. I think right now there is lower churn on customers who use our Wi-Fi more frequently.

So it is a churn benefit, but I also think there is revenue potential in how we model that. Whether it's an extension of HSD or a separate service remains to be seen.

Douglas Mitchelson - *Deutsche Bank - Analyst*

So you talked about SMB and enterprise a little bit already and you gave us the addressable market size and penetration. What is the goal for each of those?

Neil Smit - *Comcast Corporation - President and CEO Comcast Cable, EVP Comcast Corp*

I think SMB and midsize markets or businesses, I think there's no reason we can't get to 50%. We feel we have great product.

Our speeds for T1 is 1.5 megabit per second. We are offering up to 10 gig, so higher speeds, a hosted voice solution, doesn't require hardware or PBX in the closet, but we do offer that is well. So I think over time the business, say over the next four or five years, we could double that business, and that is a $3.5 billion business right now.

Douglas Mitchelson - *Deutsche Bank - Analyst*

And then on the enterprise side you talked about if you get together with Time Warner Cable you can go after that more effectively. And you said I think $15 billion market size, so how much of that is truly addressable from a combined Comcast Time Warner Cable, what is the opportunity?

Neil Smit - *Comcast Corporation - President and CEO Comcast Cable, EVP Comcast Corp*

We will be working on that with them but I think there is a large chunk of it is just the connectivity and the voice on the lower levels and it tiers up. They provide up to cloud IT solutions and a number of the customers there are sophisticated enough that they will buy pieces of it versus the whole stack and they've got primary and secondary providers on the connectivity side as well. So we could enter into that market in different ways and we think it's an opportunity there for us to go capture.

Douglas Mitchelson - *Deutsche Bank - Analyst*

One of the things we think about is enterprise really is being served by a lot of national providers and while you will be more national you will not be fully national. Do you have a sense where you lay your geography combined versus particular businesses that sort of give you a sense of the opportunity for enterprise?

Neil Smit - *Comcast Corporation - President and CEO Comcast Cable, EVP Comcast Corp*

Well, we will be in 19 of the 20 top DMAs and 23 of the top 25, so we will be in the important markets, I think. The other thing is we work together with other cable companies where we act as an aggregator and if there is a customer who has locations within another MSOs territory we can pull them into the partnership. So that happens today on the medium-sized business space, so I think that would also apply in the enterprise space.

Douglas Mitchelson - *Deutsche Bank - Analyst*

Customer service is something we hear a lot about and I always sort of joke it's not necessarily a sexy topic, but one that every year everybody shows up and says, yes, we are focused on customer service, it's going to get better. One of the fun things about being a paid TV analyst is we actually see, touch and feel the customer service and we all have our interesting anecdotes.

So it's been a priority every year and I'm not sure we've necessarily seen a step function to greet customers service. So what are your aspirations and what is the change here that is going to allow you to do something new and special?

Neil Smit - *Comcast Corporation - President and CEO Comcast Cable, EVP Comcast Corp*

So I'd like to fundamentally transform it and I haven't succeeded in that yet. I think we've made a lot of progress.

We have focused pretty extensively on get it right the first time. We found that was one of the biggest aggregates for customers was having to have more than one service call, so our first contact resolution metrics are better.

We took out, as I mentioned, 8 million truck rolls in two years and that is because we weren't going back to fix a problem again. We've got much better tools in our network.

Our network is smarter so we can diagnose, we can look down into the gateway or the router and we can look down into the set-top box and we can diagnose problems and actually fix problems. We can reset the set-top box remotely without a customer having to make a call, so we can detect a problem, we fix it before it appears to the customer.

We are getting much better tools in the customer service centers. We can self diagnose over 200 items now where it was 20 items a couple of years ago.

So we are giving the customer service reps better tools, we are giving the technicians better tools and we are helping the customer enable more self-service. People don't like calling so they want to do it themselves, they want to do it online.

35% of our customers are now managing their accounts online. Less expensive, better solution, they can schedule and change truck rolls, they can change pricing plans, they can do a lot of things online. And our self-service kits have gotten better and better, so the installation process is easier.

And customer sat is actually higher with the self-service installation. So we've come a long ways, we've set up centers of excellence where we can focus on specific calls.

I think there is more magic we can bring to the screen. We've got apps now that are going up on X1 on customer service, so we're going to do video chat with the reps, so it is come a long ways and we've got more to do.

Douglas Mitchelson - *Deutsche Bank - Analyst*

The last topic is CapEx and I guess you will throw margins in there, so near and dear to investors hearts. The increased capital investment profile obviously has raised a lot of questions.

Does the incremental spending improve the growth profile of the cable business? Is this what is necessary to maintain the growth profile of the cable business? How do you think about it?

Neil Smit - *Comcast Corporation - President and CEO Comcast Cable, EVP Comcast Corp*

So we are going from about 13% of revenue to 14% of revenue. The increase is -- and our spend is about 70% growth and about 30% maintenance, and that hasn't changed a lot.

The 70% growth increase is going towards X1 deployment, Wireless Gateway deployment and business services, primarily, all of which we think are great IRR, great growth businesses to be in. Business service is growing at 26%, X1 results, I've referred to and HSD growing at 8%-plus in high-margin product.

So we have been able to hold margin because the video business, which is about half of our revenue, is growing at one rate but all those higher-margin accretive businesses are growing at a higher rate. So we've been able to maintain our margin over the last number of years at 41% and that is with the programming cost increases. We think it is reasonable to assume that we will continue to do that going forward.

Douglas Mitchelson - *Deutsche Bank - Analyst*

I think we are always looking to future capital intensity and I know you love getting this question and it is not necessarily a question that you always feel comfortable answering, but it does from my perspective look like we have something of a bubble in cable CapEx spending around more expensive set-top boxes, around the Wi-Fi gateway that you talked about. Both of which I imagine get cheaper over time with manufacturing and then ultimately you've upgraded your base and you don't have to put as many out.

And so I guess in some people's mind the capital intensity might ease in the future. And it seemed like Brian Roberts on the fourth-quarter conference call seemed to even suggest that. What do you think about the long-term CapEx profile of the Company?

Neil Smit - *Comcast Corporation - President and CEO Comcast Cable, EVP Comcast Corp*

I think there is a point that CPE tends to -- there's a Moore's Law with CPE that over time it tends to drop down. We are also taking initiatives like we launched a cloud DVR product in Boston where the DVR is served up from the cloud that could take down costs.

As we migrate to IP video over time that will take costs down. So I think there will be opportunities in the hardware but there is also going to be new business opportunities and we will continue to pursue those aggressively if we find a great product that customers want.

So we are very focused and very disciplined about managing our CapEx. We make it like we do the income statement and we focus on every dollar and making sure we get the most bang for our buck.

The way we do capital planning now is we actually start with let's make sure we have enough capacity for the broadband network and to serve our customers needs and then lets layer on the other incremental projects. But we are very sensitive to ensuring we have enough capacity.

Douglas Mitchelson - *Deutsche Bank - Analyst*

So, Neil, I'm going to put you on the spot one more time on margins. You have sort of indicated in the past and today that you have had stable margins because of the investments you make and the execution that you have had.

I think, again, Mr. Robert's fourth-quarter call he talked about despite programming cost rolling out X1, XFINITY home, going all-digital, rolling out DOCSIS 3.0 you've managed to make cable margins relatively stable over the years. So if you separate out any impact from Time Warner Cable given the growth that we've talked about in SMB, the growth that is still left in broadband, the fact that video business might better over time with the X1 platform, it does seem to suggest to me, and you know have if you on the programming schedule for Comcast, you've done a lot of long-term deals and so at some point you have fewer renewals flowing through, doesn't all that suggest that there is a point where you could see margins begin to expand again for Comcast Cable?

Neil Smit - *Comcast Corporation - President and CEO Comcast Cable, EVP Comcast Corp*

I'd like to see that. I think we are comfortable saying the margins will be stable for the time being.

I think that we talked about a lot of synergies with Time Warner Cable and I feel very good about those synergies both on the cost side and the upside, the revenue upside. But we are focused on driving great product, driving great innovation and improving our customer service. So I think with all of that together if we can drive great product and bring churn down and service our customers so they want to stay and continue to innovate and bring new products to the market, I think the margin will take care of itself.

Douglas Mitchelson - *Deutsche Bank - Analyst*

That seems like the right place to start. Thank you very much for coming, Neil.

Neil Smit - *Comcast Corporation - President and CEO Comcast Cable, EVP Comcast Corp*

Pleasure. Great to see you, Doug.

Important Information For Investors And Shareholders

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. In connection with the proposed transaction between Comcast Corporation ("Comcast") and Time Warner Cable Inc. ("Time Warner Cable"), Comcast and Time Warner Cable will file relevant materials with the Securities and Exchange Commission (the "SEC"), including a Comcast registration statement on Form S-4 that will include a joint proxy statement of Comcast and Time Warner Cable that also constitutes a prospectus of Comcast, and a definitive joint proxy statement/prospectus will be mailed to shareholders of Comcast and Time Warner Cable. INVESTORS AND SECURITY HOLDERS OF COMCAST AND TIME WARNER CABLE ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND OTHER DOCUMENTS THAT WILL BE FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Investors and security holders will be able to obtain free copies of the registration statement and the joint proxy statement/prospectus (when available) and other documents filed with the SEC by Comcast or Time Warner Cable through the website maintained by the SEC at http://www.sec.gov. Copies of the documents filed with the SEC by Comcast will be available free of charge on Comcast's website at http://cmcsa.com or by contacting Comcast's Investor Relations Department at 866-281-2100. Copies of the documents filed with the SEC by Time Warner Cable will be available free of charge on Time Warner Cable's website at http://ir.timewarnercable.com or by contacting Time Warner Cable's Investor Relations Department at 877-446-3689.

Comcast, Time Warner Cable, their respective directors and certain of their respective executive officers may be considered participants in the solicitation of proxies in connection with the proposed transaction. Information about the directors and executive officers of Time Warner Cable is set forth in its Annual Report on Form 10-K for the year ended December 31, 2013, which was filed with the SEC on February 18, 2014, its proxy statement for its 2013 annual meeting of stockholders, which was filed with the SEC on April 4, 2013, and its Current Reports on Form 8-K filed with the SEC on April 30, 2013, July 29, 2013 and December 6, 2013. Information about the directors and executive officers of Comcast is set forth in its Annual Report on Form 10-K for the year ended December 31, 2013, which was filed with the SEC on February 12, 2014, its proxy statement for its 2013 annual meeting of stockholders, which was filed with the SEC on April 5, 2013, and its Current Reports on Form 8-K filed with the SEC on July 24, 2013, August 16, 2013 and February 14, 2014. These documents can be obtained free of charge from the sources indicated above. Additional information regarding the participants in the proxy solicitations and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the joint proxy statement/prospectus and other relevant materials to be filed with the SEC when they become available.

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