PARTICIPANTS

Corporate Participants

Michael J. Angelakis – Vice Chairman & Chief Financial Officer

Other Participants

Benjamin Swinburne – Analyst, Morgan Stanley & Co. LLC

MANAGEMENT DISCUSSION SECTION

Benjamin Swinburne, Analyst, Morgan Stanley & Co. LLC

Okay, good morning, we're going to get started. Everybody, I'm Ben Swinburne, Morgan Stanley's Media Analyst. And quickly I'll mention that important disclosures including my personal holdings disclosures and Morgan Stanley disclosures all appear as a handout available in the registration area and on the Morgan Stanley public website.

I'm thrilled this morning to have with me, back again, Michael Angelakis, the Chief Financial Officer of Comcast, a role he's held since 2007. He was recently also given the title of Vice Chairman, and before that was the Managing Director and a member of the Investment Committee at Providence Equity Partners, I think going back to 1999. Michael, thank you so much for joining us today.

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

Happy to be here.

Benjamin Swinburne, Analyst, Morgan Stanley & Co. LLC

A constant thread through this conference has been the convergence of technology and the consumer, and I always think of Comcast as being probably as integral to that conversation as any other single company. Last year Brian was here and talked a lot about the innovations that you guys were rolling out with XFINITY, showed off one of the apps that you guys have on that platform. It feels like it's been a very busy year on the TV Everywhere front, so I wanted to start with that. Maybe you could just talk about Comcast's overall philosophy or approach to TV Everywhere, which is a kind of a generic term, but it's become a really important theme, I think, in the industry across all your businesses.

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

Right. TV Everywhere I think is synonymous with more of a strategy we have, which is to provide our customers, our video customers, with choice of wherever they want to access their content, whatever platform they want to utilize, that we are surrounding that customer with the appropriate amount of content and with the appropriate amount of technology to access that content.

So TV Everywhere has some similarity to what VOD might have been several years ago, where we started out with like 1,000 choices, and now our video-on-demand is 30,000 choices, and we're doing 400 million VOD streams every single month now, and that number has continued to increase.

So TV Everywhere in our minds has a lot of similarities, where it's a relatively new technology development, we now have about 200,000 options online, we have 8,000 hours of programming on tablets, obviously on smartphones, and we have obviously as I just mentioned a lot on VOD, and now we have SVOD. So the strategy for TV Everywhere is really just to surround the household and the consumer so that however they want to watch video, they can access it. So there's different demographics in household, different types of people, and we want to make sure that we are providing the right technology and the right amount of content to our customer base.

Benjamin Swinburne, Analyst, Morgan Stanley & Co. LLC

Great. And probably an overly simplified question, but is this – are the initiatives around TV Everywhere good for Comcast Cable, your NBC assets – and you have a lot of Comcast consumers in the room as well – the consumer?

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

Yes, I mean, I think that they have to be good for everybody. For Comcast Cable, it really I think positively impacts the value proposition, the product proposition. So for those consumers and customers of ours, I think having that flexibility and having those options to consume more and more content is just a net positive, and it really, our goal is to increase the value of our proposition to our customer base.

So from Comcast Cable's perspective, that's certainly a positive; from the consumer, it's certainly a positive. And from NBC Universal, it's a real positive, because what it basically does is allows you to monetize content a little bit more, also allows them to have more interest in the program than they have, whether people can go back, if they miss an episode, and catch up, and really be more engaged with the programming.

So we're doing some things to try to preserve the advertising within that programming, which is a sort of a secondary beneficial to NBC Universal. And I think, as you know, we recently did a pretty wide, broad Disney deal. So I think it's beneficial for Disney as well.

So listen, I think it has to be positive to the consumer; it clearly has to be positive to both Comcast Cable and NBC Universal as well.

Benjamin Swinburne, Analyst, Morgan Stanley & Co. LLC

Great. Comcast has been making a lot of investments for the back end behind TV Everywhere and XFINITY. How are you guys thinking about input put in and output? Have you attempted at all to try to leverage some of these investments sort of more broadly beyond the kind of Comcast Cable traditional footprint?

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

So XFINITY, which is a brand that we've developed over the last few years, which has been rolled out pretty much nationwide in our footprint now, really is a terrific product within our footprint. So we've transformed the video product, where I think we have a terrific video product, we just talked about that. It includes the broadband products or voice and other products.

To go out of footprint, you really don't have a relationship with the consumer, and I think our number one asset in the company is the network that we have. And that network goes by about 52 million homes in the country, and we have about 43% penetration on the video side of those 52 million. And it goes by – a lot of those 52 million also take broadband, and we have about – a little bit less than 35% penetration and then a little bit less than 18% penetration on the voice side.

So the best area of focus for us, or the best ROI, is to try to increase our share within the markets we operate and leverage that network that we've invested so much in, and obviously keep our financial discipline around that as well. So we think there's lots of organic opportunity within our footprint and really don't see the business model going outside as a sustainable high margin, low churn business model, which is what we're trying to accomplish within in our footprint.

Benjamin Swinburne, Analyst, Morgan Stanley & Co. LLC

You recently made an announcement around StreamPix. How does that fit into what we've been talking about as well?

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

Yes, we can talk about that, and I think we have a little bit of a slide just to give some folks a little bit more context on StreamPix. But the reality about StreamPix is it's a new service, and I think it's trying to accomplish a couple things. If you look at our programming alignments, linear, VOD, online, tablet, however you want to look at it, there probably was a bit of a hole with regards to more library type content. And we wanted to make sure that we give our customers, our consumers, no reason to access content on any other platform that we have as much content as, if not more than anybody. And we spend an awful lot of money buying content.

So we really developed StreamPix for customers who are a little bit higher end that spend a certain amount; it's going to be incorporated in that product; people who are a little bit more economically challenged or don't want to watch as much TV. This is a really nice bolt-on product for them at $4.99.

So we've spent some time working with a lot of programming folks, and we're excited about it, and it's going to be accessed as you can see across multiple platforms. And again, we're trying to surround that household with all the choices possible so that they really look at Comcast and say, I'm completely satisfied with that video service, which is relatively comprehensive technically and with content.

Benjamin Swinburne, Analyst, Morgan Stanley & Co. LLC

I think it's the first time we've had a look at the sort of UI and layout. How does this fit into the XFINITY? There it goes; it's quick. The Xfinity interface and how you're [indiscernible] (07:49)

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

You mean the Xcalibur interface?

Benjamin Swinburne, Analyst, Morgan Stanley & Co. LLC

Sorry, yes, well, StreamPix versus XFINITY.com and XFINITY TV.

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

Yes. I mean, we're trying to create that ubiquitous experience across all platforms. So when you look at the StreamPix, and how you access the StreamPix, whether it's on a tablet or on a smartphone or in the home, and really on Xcalibur side it will kind of be a ubiquitous experience, and that's what we're trying to accomplish.

Benjamin Swinburne, Analyst, Morgan Stanley & Co. LLC

Got it, great. Let's shift gears a bit, just back to the core cable business. Can you just update us on the competitive landscape across your core products? You guys had a tremendous year last year on the growth front. How do you see the competitive dynamics out there and any update on trends recently that you'd like to share?

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

We are, and I say this every time I come to a conference like this, but we are super execution focused. So the goal for our company is every day to just make progress on the product, make progress with our customer service improvements, and make sure we're maintaining balance between customer growth and ARPU and retention so to keep a nice balance there. So 2011, when you look at the video product, it was a reasonably a good year. We lost 450,000 customers, which really leaves a pit in your stomach for us, but it's 40% better than it was a year before. And we are very focused on trying to continue to improve that.

High-speed data, terrific product. We increased – we did 336 net adds in the fourth quarter and over 1 million for the year, which is more than it was in 2010, and then – I'm sorry in 2011, and then – I'm sorry '11 was more than 2010. And actually 2010 was more than 2009. So we're clearly gaining share in that product.

And our goal with the high-speed data product is to continue to penetrate that market, so to make sure that more and more people have access to broadband. And also we're increasing our ARPUs as well; about 25% of our customers now take a higher-speed tier than the normal standard tier. And on the voice business, we're doing a lot as well and trying to do more integration, and we put on 780,000 odd voice customers last year.

So those three products, and really the double plays and triple plays continue to do pretty well. But it's really about in our minds just pure execution, making sure that product enhancement and improvement keeps continuing, that we keep investing in the product and making sure we have a great user interface, a great technology and as much content as possible. On the broadband side, it's really sort of distanced ourselves from the competitors. And then we have business services and advertising, which also had pretty good years last year.

So 2011 I think was a really solid year, but that's behind us, and everyone's really focused on 2012, and again I think the mode is we're going to continue to execute.

Benjamin Swinburne, Analyst, Morgan Stanley & Co. LLC

I wanted to – I'm going to go to broadband in a second, but I wanted to ask you more about the video business. In your fourth quarter, video losses were sort of within shouting distance of flat, and the cord cutting fears have kind of percolated up and down over the course of the last several years. We felt that our expectations Q3 and Q4 sort of did pace with the industry a little better than we thought, and the industry grew.

What's the Comcast take on that controversy around video cord cutting? And on one hand, you've got a business where you've got 50% gross margins in video, and you're growing 90% gross margin in broadband and commercial dollars. So at the same time, you mentioned before, it leaves a pit in your stomach to lose that many video subs. What does your research and what does your sort of day-to-day look at the business tell you about all these?

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

I think over the last three or four years, we have lost video subs, and I think we've lost video subs for two primary reasons. One is we've had increased competition from the telcos. So several years ago, they might have overbuilt us by roughly 5 million homes in one year, and in 2011, that was approximately 1 million homes. So we've lost customers to them and these are all publicly reported, and we're competing better with them and doing a much better job. But there's real competition there.

Also since 2007 we've had I think a pretty tough recession with regards to economic headwinds around housing and vacancy rates and unemployment, and we really haven't seen the cord cutting raise its head of any material sense. And the reality is that we think NBTV growth in 2011 is going to approximate 800,000 or so; in the fourth quarter it will be probably just north of 300,000.

So that's across all the different providers, and we're just not seeing cord cutting be material. Our goal is to grow our video business smartly and profitably and to grow our broadband business smartly and profitably as well. So 17,000 was quite good performance; our ARPU was up as well. I don't want to lose sight that the video sub number of 17,000 was accompanied by putting nice ARPU growth in here, and that's important as well. In 2011 we're just going back to work and trying to focus on making progress. We've got to make progress on all those fronts.

Benjamin Swinburne, Analyst, Morgan Stanley & Co. LLC

I have to ask the obligatory question since I've maybe gotten it 5,000 times: it's about whether you can grow video subs at some point this year.

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

The truth of the matter is we don't know the answer to that. The truth of the matter is we lost 450,000 subs in 2011, yes it's 40%, yes, less, yes, we had 17,000 in the fourth quarter. But I think we go into work every day just trying to make sure that we're making progress every day, every week, every month. And if it does go positive, that's terrific, but our goal is to make progress, and it's really hard to forecast when that may or may not happen.

So I think Neil and our entire cable team has done a great job of reducing those losses, penetrating the market more on some of our other services and growing the ARPU base and reducing churn, and I think that's a pretty good combination that we want to replicate in 2012.

Benjamin Swinburne, Analyst, Morgan Stanley & Co. LLC

I can't remember a time in cable where the performance of different cable companies has been this wide. You guys clearly are within the pack. You mentioned Neil coming on, helping to improve a lot of the operational [indiscernible] (14:23). Is there any one thing or several things you would list as to why Comcast is growing subs, ARPU, EBITDA, all ahead of the majority of your peers in the industry?

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

We've made a lot of investments in the product. So you've got to go back a couple years, when we decided to launch project Calgary, which was taking all the systems all digital. And even a couple years where we launched Project Infinity, which was putting a heck of a lot more programming on VOD. And then DOCSIS 3.0. We really were the first folks to launch DOCSIS 3.0, and that's now complete throughout pretty much our entire footprint.

And then when we did Calgary and went all digital, we increased the number of high-def channels, we increased the number of foreign language channels, we massively increased VOD, we increased speed on high-speed data, and we really transformed that product to the XFINITY product, really attacking from a variety of different perspectives including guides and user interface and all the apps and everything we talked about earlier.

So I think over the last several years, we've really improved the product, and then there's been a renewed focus on customer service. And the number of trunk holes that we had in 2011 is down by a lot, 1 million; the number of phone calls we have taken is down by a lot, which is doing two things for us. It's showing that your customer satisfaction is getting a little bit better, and also your activity level is a little bit lower.

So I think that this has been a project that we've been involved in for several years, but it really is based on the foundation of transforming and investing that product in a product and supplementing it with improved customer service. And we still have a long way to go in both.

Benjamin Swinburne, Analyst, Morgan Stanley & Co. LLC

Is this one of the areas – or are these some of the areas where scale really matters? It seems from the outside that the amount of investment around software has really picked up. Development needs are much higher than they were historically in this business. Are these the kind of places where scale is really showing up as an advantage for Comcast Cable?

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

Scale is critical to this. We now have 1,000 software engineers that work for Comcast, some here in the Valley, some in Seattle, some in Philadelphia. We're very app focused. We were the ones that launched the XFINITY iPad app; we now have approximately 4 million downloads of that app. So yes, so I think scale matters a lot in terms of how we deploy services and how we spread the cost of that over a pretty large base.

And I think we're benefiting a lot from scale as we roll out new services, whether it's business services or XFINITY Home Security or whatever comes down the pipe. We are doing a pretty – I think a pretty concerted effort to make sure that we can scale these businesses across the platform, which I think we're uniquely positioned for. And also don't forget we own a programming business, a content business, which also is at scale too, which really helps with some of innovation were trying to do like StreamPix.

Benjamin Swinburne, Analyst, Morgan Stanley & Co. LLC

Great. We're going to hear from Reed from Netflix later in the day, and I think a lot of investors are thinking about this competitive landscape and video and the home is increasing particularly with [indiscernible] (17:40) and Apple television coming. You guys have been investing a lot around IT set-top, and your Xcalibur project, now rebranded X1. Could you talk about what that product looks like and what it means for the business potentially?

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

Sure. We're going to show a couple slides, [ph] just hold on (17:56) for a second. So we developed several years ago, it's been in the works, a product called Xcalibur; it's been rebranded X1. It'll be rolled out this year to hundreds of thousands of homes and we'll see how it goes. Right now it's operating on 1,000 homes in Georgia. It's operating at my home in Philadelphia and a lot of our executives in the company have it and utilize it. And it's really a cloud-based user interface.

So if you think about everything we've talked about of having 30,000 VOD choices, of having 200,000 online choices, or choices on tablets or iPhones, how you navigate and how you filter that is really critically important. And we've been working on this for a while to make sure that across all platforms you're going to have sort of a similar experience. So, Michael, if you could go to the demo a little bit and we'll walk through this a bit.

Benjamin Swinburne, Analyst, Morgan Stanley & Co. LLC

[indiscernible] (18:51)

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

Yes. That's a pretty darn good swing. That's not mine, I can tell you that.

Okay, so what you can see here is we're really at the guide. So we really begin with the grid. You can see there's a different look and feel. You can see the picture in picture on the left and you can certainly move around in terms of user interface, and it's just I think a different feel than what we have today. And you can actually pop up to On Demand. You can see across the top, you can actually go to a variety of On Demand aspects where, again, we have 30,000 choices. I think about Georgia or my home that you're navigating with a lot of picture art and you can do a whole variety of filtering and so forth related to that.

So the first thing you can do with the [ph] poster art (19:40) is you can go and see all the different genres we have. We have comedies and we have movies. And again this experience is going to be pretty similar to what you have on an iPhone or an iPad or what you have on PC and those kinds of things. So we're really trying to make it ubiquitous.

So that's pretty much On Demand. You can look at NBC series and those kinds of things and you can go through the network and go right to NBC and you can watch pretty instantly what you want to watch. And it has a real smoothness to it as you move around the guide and it's pretty simple. We have a feature called Last.

Benjamin Swinburne, Analyst, Morgan Stanley & Co. LLC

I don't know if we've got that Michael yet.

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

Well, what you can see is actually nine things that you will see in both – whether they're linear or DVR or they're on demand. You don't – when you go to Last you actually leave a lot of that you were watching before. It really only gives you one choices. It changes the channel. And this gives you sort of nine options of what you had and you can hit it and you can start exactly where you kind of left off.

You can see this person happened to be watching The Voice and it goes right to where it left off. I'm sorry, guys. We have to do this. We're self promoting here on the voice side. By the way, The Voice is a great success. If you sell advertising – I mean if you buy advertising, you should come to NBC.

Okay, let's move to Search, Michael, which actually is a really interesting feature with regards to search. So we can actually search, and again you've got a lot of content on these platforms. So you can hit OFF, which is actually 633. And it really kind of shows you all your different options and what I'm looking for is The Office. So by hitting 633 it automatically gives you what all your options are and it tells you where the episodes are. They can be on TV, they can be on-demand or they can be already on a DVR, so you could already watch them.

It also will suggest shows that are similar to what you've got. So if you wanted The Office or you liked The Office, it can show you shows that are similar to The Office that you may not quite want, but you want to see other things like it. So as you can – you can see, again, it's really pretty smooth with how it goes through. And we're always keeping – this person is watching On Demand already while they're actually searching different things. And you can see the summaries that you can go through and so forth.

So we also have apps embedded into this, and let's be clear, this is all in the cloud, so our ability to modify it nationally is really easy, whereas before it was very difficult to modify our navigation over different boxes in different regions. And now most of this intelligence is all in the guide – is all in the cloud.

So when you go to apps you can see we've got the Weather Channel, we've got Pandora, Facebook, we have a whole variety of apps here and these can be added pretty easily, and we're having conversations with folks like that to allow for this kind of interaction to happen. Again, you're still watching TV on the left-hand side, having this kind of interface.

We also have developed some of these apps alone, which is the Sports app, this is a Comcast app that we have and you can actually check out what may be important to you between sort of the Flyers and Boston – I live in Philadelphia, grew up in Boston, so I'm really interested in how this game goes. And you can actually see, and you could just hit a button and you can actually go right to the game without having to go back to the grid. So you don't actually need to go back to your TV grid to say I want to actually get caught up and see what's going on on this game.

So that's a really quick peek of what we call X1, and again this is going to get rolled out in a number of households, literally hundreds of thousands of households this year, and we're pretty excited about it. You'll see it on set-top boxes, you'll see it on some of the high-end set-top boxes. We have bolstered sort of some existing high-end set-top boxes plus new set-top boxes. But again the key is all the intelligence is pretty much in the cloud.

Benjamin Swinburne, Analyst, Morgan Stanley & Co. LLC

So, Michael, well done, thank you. Thank you, Michael. That was great, Mike. The cloud allows you to upgrade the guide fairly quickly. I know one of the big issues over the years has been the iteration cycle on smartphones has sped up, the expectation has gone up for what happens at the set-top level.

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

To be fair, in some ways you really love the box, the set-top box business; in other ways you really dislike it, because you know that the minute you deploy a box a new generation that comes out that has more features and more capabilities. And we have an awful lot of boxes and putting program intelligence into those boxes, all of them across our footprint, has been no easy task.

So what we're really doing is from an IP basis in the cloud creating a lot of intelligence, so the new X1 box will deliver the video programming pretty similar to how it's delivered over a set-top box today. But all the intelligence, all the UI will reside in the cloud, and this goes back to our scale a little bit. We have a lot of people who've been focused on this; this is not inexpensive to develop. We've paid for its development, and we're rolling it out.

Benjamin Swinburne, Analyst, Morgan Stanley & Co. LLC

Can you drive that with an iPad or iPhone as a remote?

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

Yes.

Benjamin Swinburne, Analyst, Morgan Stanley & Co. LLC

Great. Well, I wanted to move on to the broadband business, which is another great story for Comcast Cable. How are you guys going to market in 2012 to continue to drive net adds and drive ARPU and leverage your product relative to your telco competition?

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

Well, I think the broadband product is a terrific product. We've actually recently increased the speeds again in our core product and our Blast! product; we've increased speed. And frankly the goal is to continue to differentiate ourselves from our competitors and continue to not only penetrate the market, but if you think that the market is penetrated in the high 60s, we hope that number is going to continue to increase.

And then as we, I think, build a better product, which we have today, we hold some real product superiority, it's to distance ourselves from our competitors and get a disproportional amount of share. I think over the last literally 10 quarters or so, you've seen us outperform our competitors pretty nicely. So that one is steady as she goes; we want to keep the momentum in that business. And again it goes back to that balance of improving the product, growing units and managing to have growth in our ARUP and our ARPU has grow really nicely in that as well.

Benjamin Swinburne, Analyst, Morgan Stanley & Co. LLC

How does your market share vary when you look at your DSL competition versus fiber?

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

Well, I think it's clear we're taking a lot of share from DSL. When you look at the telcos, I think it's pretty clear that they may have some growth in their fiber areas but really on the DSL side we're taking some share. And the product has just gotten so much better and the use of the product is really interesting.

You mentioned Reed and Netflix and obviously a lot of people have Netflix, they have a broadband – really great broadband service enhances that product, might in the morning check out clips on ESPN and they want to look at that, and that makes that experience and I've got two boys with two computers looking at it in the morning on their teams and seeing some of the highlights and I think you need to have a really good broadband experience. And we have 105 megabits in over 90% of our footprint; we have 50 megabits in over 90% of our footprint; and we have sort of 25 and 15, with 25 doing what we call Blast! and 15 being a more core, and then we have lower speeds as well. So our focus is continuing to provide a lot of speed and a great quality product for our customers.

Benjamin Swinburne, Analyst, Morgan Stanley & Co. LLC

ARPU's been also a success in broadband, I think largely mix driven, as well as probably rate increases.

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

Both.

Benjamin Swinburne, Analyst, Morgan Stanley & Co. LLC

Yes. Can you talk about what you are seeing in terms of use consumption trends in data? And also is usage-based pricing or metered billing, however you want to describe it, something that's interesting to Comcast? It seems to be a big topic of discussion in the industry.

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

Yes. I think we're seeing us grow our penetration but also grow ARPU, and that is a combination of mix, and it's a combination of rate adjustments. As we invest in DOCSIS 3.0, as we've increased speeds now multiple times, we are doing some rate adjustments to compensate for that product and we've seen really nice growth in ARPU.

We really have a very high customer satisfaction rate in that and don't really want to rock the boat on that product. We're gaining share, we're growing ARPU. Some day consumption-based billing maybe more of a norm but I think today we're really focused on how we continue the momentum in our products. And I noticed that Time Warner Cable came out with something yesterday, which we'll explore, don't know exactly how that will work, again credit for trying different things, but we have real momentum in that business and the goal is to keep it.

Benjamin Swinburne, Analyst, Morgan Stanley & Co. LLC

Great. I want to shift over before we go to the audience for questions to a couple NBC-related questions. When you look at the EBITDA for that business for you guys it's largely driven by the cable network. Steve has talked about investing quite a bit on the broadcast network front and also in cable. If you look out over the next couple of years, what you think the big profit driver is in terms of incremental profitability at NBC?

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

So you really have to look at – when we think about NBC, we kind of look at it into four segments. And cable networks, absolutely right, generate the vast majority of the operating cash flows. When we purchased NBC Universal that was clearly what we were focused on, we love that business it's a terrific business and we're investing in that. Last year we invested in it and I think we feel like we have a good let's say cruising altitude of investment in that, but there's clearly some gaps that we're looking to close on PPM pricing, even on NBTV pricing, and we want to invest in the franchises, we want to invest in some original programming that enhances the franchises and tries to close those gaps. So the cable program assets of NBC Universal are terrific businesses, lots of franchises, we think, and growing nicely.

The second business that we invest in a little bit is theme parks. And frankly it's a little bit of a surprise for us, where Harry Potter was built in 2009 and really launched in 2010. And it's been a reset for the park and the parks have just done a terrific job, it's incredibly well managed, and we're very pleased with how the parks are performing, and we're expanding Harry Potter and a couple other parks as well. So we're investing but these are – who would have thought the parks generated over $800 million of operating cash flow last year and very, a lot of free cash flow, so terrific business and we'll continue to invest a little bit in that.

You brought up broadcast – broadcast is a real opportunity, but to set expectations, we think it's a long-term multi-year opportunity. Pretty hard to turn around a network when you're in fourth place, but we're trying. We did invest the money in 2011, and I think we feel again we're at that cruising altitude of investment. A lot of people have been changed in that business, and we're giving them a really good shot. We've done two things last year that I think are helpful, but they're helpful a bit on the longer end, which is we struck a new long-term Olympics deal, we struck a new long-term NFL deal based on economics that we think are important to us versus what the economics might have been under some of those legacy transactions.

So this is going to take a while, it's a tough turnaround, but I think people are really focused on it, and there's real opportunity there for us in terms of again the gap of where we may be and some of the other folks. And retransmission consent for NBC Universal hasn't really [indiscernible] (31:49), so there's opportunity there. Theme parks – I mean, I'm sorry, the studio, when people say the studio is a hit-driven business, it's a hit-driven business. And it's got its own volatility and it's got an interesting slate for 2012 that we're optimistic about, but it's relatively small in the scheme of things. And it is strategic where we're looking at a whole variety of things where we think Comcast Cable and VOD and seasonal SVOD can play a role, so we're looking at how we can help the studio.

Benjamin Swinburne, Analyst, Morgan Stanley & Co. LLC

And just to go back to your cruising altitude...

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

That was a lot of territory.

Benjamin Swinburne, Analyst, Morgan Stanley & Co. LLC

Yes, that was a good answer. Your cruising altitude point, I don't want to read too much into it, but it sounds like the increase in the investment levels at cable net and broadcast won't seem as significant in '12 as they were in '11?

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

I think on cable net – the answer to the question is yes, you've got to look at it a little bit differently because of context. In 2011 we did invest more in cable programming where frankly we thought that some of the franchises needed to have some investment to attempt to add value to those franchises and close the gap.

On the broadcast side, there was more investment, but part of it was '10 was artificially low. I don't know if you remember the whole Jay Leno 10 o'clock that happened. That was sort of a lever and changed that dynamic. So the answer to your question is yes, but they were pretty different contexts.

Benjamin Swinburne, Analyst, Morgan Stanley & Co. LLC

Okay. Got it. I've got one last one, and then we'll go out to the audience. Shifting over to I'm sure your favorite topic, but just capital allocation. You had a significant increase in your dividend this year that you announced, and you've also reupped your share repurchase authorization. And you communicated, Michael, that you'll return the – I think the majority or the vast majority of your cable free cash flow to shareholders in 2012 through dividends and buybacks. I think the question we get a lot that I want to throw out at you is as you noted on the call, I think if you exhaust your $3 billion authorization this year, that'll be the lower end of your leverage sort of comfort range. And the fact that you have a $3 billion plan with a $6.5 billion authorization has also raised some questions about potential upside, and you've got obviously the spectrum cash that's coming in. Big question, but can you sort of frame that for us a bit?

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

Listen, I think we are – let's just level with that. We're really proud about our return of capital. If you go back to 2007, there really was no dividend, and we've upped it a number of times. We have a slide that I post on some people's walls that gives us a hard time – no, I'm kidding. The reality is that we have to look at the balance sheet in kind of two formats. We have to look at the NBC Universal balance sheet, which we own 51% of, and all the free cash flow, which is about $1.8 billion last year, is really going to go to buyouts on their redemption. So from our vantage point, basically 100% of NBC Universal is free cash flow, that's not even an indirect equity redemption but certainly it's to the benefit of our shareholders.

The Comcast Cable side, which does about $5.2 billion of free cash flow in 2011, yes, the vast majority of that will go back to shareholders in both the form of an increased dividend and increased buyback.

To be perfectly clear, the spectrum co-sale, which I think is what you're alluding to, is excluded from that discussion. So we're in the midst of an SEC review. Our view is that will close at the latter part of the year, and we'll evaluate the spectrum co-proceeds in probably end of the year 2013 financial strategy. But we've got to get that closed, and let's just focus on things that we know and we can feel right now.

The $6.5 billion authorization just gives us flexibility frankly. We ran out of authorization at the end of the fourth quarter of this year, which we didn't particularly love, but now we have more capacity and more flexibility. But we're really proud that we've been able to increase the dividend pretty substantially and increase the buyback pretty substantially. And that NBC Universal free cash flow is really being captured on an indirect equity redemption as well.

So this is a chart, and I don't think we can keep it up forever there, Michael, but it just shows really over the last several years, a renewed focus on how we return capital to shareholders. And one last point, and we kind of like where our balance sheet is as well.

Benjamin Swinburne, Analyst, Morgan Stanley & Co. LLC

Great. Thank you. Let's see if we have any questions in the audience.

QUESTION AND ANSWER SECTION

<Q – Benjamin Swinburne – Morgan Stanley & Co. LLC>: And if you do, please wait for a microphone if you could. I see one in the back over there, far right.

<Q>: As you think about the continued rise in programming expenses...

<A – Michael Angelakis – Comcast Corp.>: Wait, I didn't know where you are.

<Q>: Right over here.

<A – Michael Angelakis – Comcast Corp.>: Okay. Sorry about that.

<Q>: As you think about the continued rise in programming expenses that all the video operators are facing, and you look at the challenges that folks that don't have a broadband offering may face with their margins, how do you think about wheeled-in high-speed data as a potential weapon against folks who only have one offering in video?

<A – Michael Angelakis – Comcast Corp.>: Well, I think there's two parts to that question. One is I think we have to have a better video product. So let's just hit this question dead-on with a competitive video provider. I think we have the best video product in the market, and I think with the deployment of further applications in tablets and apps and what you saw with Xcalibur, we'll continue to distance ourselves from the competitors. So number one, I think you have to have the best video product.

Number two, I think we have the benefits of scale, where we also are experiencing programming increases as well, but because we have some scale in other businesses we're able to absorb them a little bit differently. So I really like our position. I think we're really in a unique position where we have scale on the video side, we have scale on the broadband side and we have scale on the programming side.

So we know that retransmission [ph] some spend (37:46) is coming, we know other areas where there may be some escalations are coming and although there maybe a little bit of margin compression on the video side, we have sort of two benefits. One is we have multiple services on the cable side, and then we also benefit a little bit on the programming side. But first and foremost, you've got to have the better product and support it really well with great customer service.

<Q – Benjamin Swinburne – Morgan Stanley & Co. LLC>: We have time for more right here in the front.

<Q>: When are you going to get rid of set-top boxes and migrate completely to a cloud solution with smart TV? What timeframe do you see that as viable?

<A – Michael Angelakis – Comcast Corp.>: I don't see it for a while, to be honest with you. I'm not sure it's all there. So from our standpoint, as I said earlier, sometimes – in some ways we like the box and in some ways we don't like the box, but we have millions of DVRs and people like their DVRs and have satisfaction with their DVRs and use them a lot. Do we see a migration more to the cloud at certain points? Xcalibur is part of that or X1 is part of that. But over the next few years, I think even as [indiscernible] (38:51) buy set-top boxes, a lot of them will be in supportive of Xcalibur and more advanced services.

So in the short term not quite I see that. We all are using things like Xcalibur over XBOX or connected TVs, we are utilizing net apps over those, but these are incremental. So over time I don't know how it will develop, but if I'm thinking about the next couple of years I think that we're still going to be buying more advanced set-top boxes.

Benjamin Swinburne, Analyst, Morgan Stanley & Co. LLC

Great. Michael, thank you so much.

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

Thank you.