

**Comcast Corp.***Company▲*CMCSA  
*Ticker▲*Sanford C. Bernstein  
Strategic Decisions  
Conference  
*Event Type▲*Jun. 1, 2012  
*Date▲***— PARTICIPANTS****Corporate Participants****Brian L. Roberts** – Chairman, President & Chief Executive Officer**Other Participants****Craig Eder Moffett** – Analyst, Sanford C. Bernstein & Co. LLC**— MANAGEMENT DISCUSSION SECTION****Craig Eder Moffett, Analyst, Sanford C. Bernstein & Co. LLC**

Hey good morning everybody. Thank you for joining us for the Sanford Bernstein's 28th Annual Strategic Decisions Conference and thank you for joining us for our discussion this morning with Brian Roberts of Comcast.

Brian, I think this is getting close to 10 consecutive years or it's been a lot of time since we've been up on this stage. So we are truly delighted to have you back.

Let me start with this. Broadband is increasingly seen as the industry's core product. Your colleague Glenn Britt, over at Time Warner Cable has said that broadband is the first product in the business now. But you at Comcast have never lost your focus on video. You've continued to invest and innovate and I think it's fair to say that that alternative strategy of continuing to invest in video is being validated now. Your video product is innovating at a faster pace than anybody else in the industry. Talk about that, how much of your core strategy – or sort of, how does video inform your core strategy now and how's that coming to fruition?

**Brian L. Roberts, Chairman, President & Chief Executive Officer**

Well, let me start by saying it's great to be back, but I needed to spice up 10 years of conversations sitting on the couch here with a few show-and-tell things, so – and it ties to that question a little bit, to at least begin.

So I think you're right, broadband – I think we had half the net adds in the whole broadband industry last quarter. So we are very focused on broadband and it's a great product, but we obviously have a huge video business. Video is changing with NBCUniversal, I mean we are a company that is deeply immersed in what's happening in the video space. And it's a big part of the company's history and our future. So we are pleased that it's coming together as well as it is.

And the – that you can't say enough good things about broadband, however, so a lot of what I asked Neil Smit to focus on when he joined Comcast a year and half ago was two things. His experience, of course, had been at a company that hadn't made all these investments and was going through bankruptcy and he was trying to turn it around and did a yeoman's job. [ph] He got to Comcast (02:26), I said wow, you've done DOCSIS 3.0 all throughout the company. You're all digital throughout the whole company, we're the first one is to do that. You've invested in this interactive platform, I'd like to accelerate innovation, and I'd like to focus more on turning around your service reputation.

And, it's that latter piece that I want to just talk about that just is something that wouldn't necessarily make it to an investor conference, but I think as we head into a competitive and are in a competitive business, differentiating ourselves, not just on the video product, but on the experience. And so here's a couple of stats, for 41 straight months and Steve Burke had begun a lot of this, in a row, we've had year-over-year less repair visits to the home. And for the last two years, we've had 8 million less truck rolls per service than we did in the prior period. And we've got 2.7 million more RGUs, and yet we have 8 million less truck rolls. And 90% of all of our service calls and installation appointments are now in a two-hour window with a 97% on-time rate. That has not been where we were historically. We put – and that took a ton of effort and we continue. We now went from 13% self-install because we're all digital, we're up to 28% of all of our installations, our self-installations.

And so let me just begin this morning with a quick spot that is about to come out, that begin to tell that message that when you're an XFINITY customer, you now have a guaranteed service experience. And that's different, that's part of why we changed the name. So go ahead and roll the spot, please.

[Video Presentation] (04:18-04:47)

And we're pretty excited about that. Let me call up John Williamson, who is our Senior Vice President and General Manager of Comcast.com. So we had for 2012 a goal of having 1 billion self-service online transactions. And let me show you something we showed at The Cable Show in Boston, which people were kind of – this is cool for all of us I think as consumers, not just Comcast consumers, but this is something I think Comcast is pioneering that is a step ahead.

So first thing is, we get about 3 million visits to our mobile website every month. And these are smartphones only, not tablets. We do mobile bill pay, that's what we are now starting to think about. And so this month, we launched just this month in mobile bill pay, we haven't yet advertised it all. We got 65,000 people, we expect to use it this month. And here you can see it's a simple, clean interface, very intuitive.

And what we're going to do later this year is the following: you basically decide to pay your bill now and you want to take a photo of your bill. So you take out your camera, this is your Comcast bill, you just focus on that bottom number, it automatically will then say, are you happy with that? It will scan the bill. It will then come back to you and say would you like to pay it now from your bank account or your credit card, we're going to pull out a credit card here and it's going to say, take a photo of your credit card. We got an XFINITY credit card, that's not real, so don't try to spend it, John. And then again, it will scan that automatically if you say use it. And then when you're done, it will come and say, you want to pay. And so we're just trying to make it easier for our customers to interact with us and that's done.

The next thing that I think is kind of cool in this whole move to self-service and personalization, which is what we've been talking about for a long time, is we put a lot of intelligence in our network. And we've been working with John Schanz and our engineering team on understanding your modem and understanding your set-top box, understanding your router, your in-home wiring and what might go wrong.

So here's an example of something again that we're launching later this year, all these products are this year products. You're sitting at home, you're watching The Voice with your tablet or your iPhone, all these of course work on all devices and here's a new dashboard that we've launched already, that again, is simple and clean that if you have questions about our product, this is John's area, Comcast.com, but what we would be able to do in the future and what we're going to do is, the television goes out, while you're watching the show. You just take your tablet – and go ahead John – and you just push the button to say what's wrong and it will now go through every piece of

**Comcast Corp.***Company▲*CMCSA  
*Ticker▲*Sanford C. Bernstein  
Strategic Decisions  
Conference  
*Event Type▲*Jun. 1, 2012  
*Date▲*

equipment automatically and do a test, how's your node health, how's your box, et cetera and it figured out that you have a video on-demand issue and it says a cable box reset is required, you click the yellow button, it will automatically do the reset for you. You don't have to unplug it and all the things, if you call us and you don't have to make a phone call, it now says you're done and we've fixed your cable remotely. And if, of course, there was a different need to come out to do something, we would know it, but we avoid all the truck rolls and how much happier are you as a consumer to get service like that.

So, those are a little bit in the weeds, but the kind of things that get me excited and focused because that's a different experience than you're going to get and the kind of things that I think are just going to be the defining difference between what we can get because of the scale of Comcast. We now have all that intelligence in the network. We have the software engineers writing this. We have 1,000 internal software engineers and we're able to apply that machinery whether it's to self-diagnosis, to our website or to other on-demand features and we'll talk a little bit about that later in terms of the innovation of the – what the consumers sees on the TV set.

**Craig Eder Moffett, Analyst, Sanford C. Bernstein & Co. LLC**

Very interesting stuff, Brian. I'm going to transition away from the cable business for a second, I'll come back to it shortly, but let's talk about the other side of the business. Let's talk about NBCUniversal, you've owned the majority of NBCUniversal for about a year now. What do you know now that you wish you knew then and what are the big surprises?

**Brian L. Roberts, Chairman, President & Chief Executive Officer**

I really believe the big surprise is there's no big surprise. And that's a – your phone's getting a call there.

**Craig Eder Moffett, Analyst, Sanford C. Bernstein & Co. LLC**

It's a phone call, John.

**Brian L. Roberts, Chairman, President & Chief Executive Officer**

You're getting a call there. Your credit card didn't go through. So the – I think we're off to a great start. We have something like 17 different businesses, it's very diversified company. My first view is that Steve Burke's doing a great job and no regrets on the deal, if anything, I think we structured it extremely well, and we're excited and looking forward.

The quarterly nature of the business, I think you Craig and a number of the folks in the room may have more experience following companies that have more volatility quarter-to-quarter than we traditionally in the cable business have had.

So for instance in the first quarter, we were up 34% at NBCUniversal. We said everybody don't get used to that, because that's really the fact that we had successful films in the first quarter like Lorax – or Safe House and Lorax that weren't there a year ago. In the second quarter, we had – of this last year, we had Fast Five and Bridesmaids, which were the two most successful movies of the year. This year we have a unfortunate miss, large miss in Battleship and another one in Five-Year Engagement. So last year we had a content licensing deal that got booked in the second quarter,

**Comcast Corp.**

Company▲

CMCSA  
Ticker▲Sanford C. Bernstein  
Strategic Decisions  
Conference  
Event Type▲Jun. 1, 2012  
Date▲

an online deal for television, cable, and broadcast content that most of the money gets booked in that quarter, so it's not there this year. You put that together, we'll have a negative quarter in NBCUniversal as we've sort of told folks.

And so you put it together, I think you have to look at these businesses or what happened the six months and we're – we'll be flat, slightly down, but right around what we expected except for the Battleship and the film volatility. We've got Snow White coming out today. We're hopeful but – so there's more volatility quarter-to-quarter, so it's going to require – what's really happening. Well, what I see, what's really happening is cable network businesses are great. There's, again, some ups and downs quarter-to-quarter, advertising things, but the subscription revenue under – makes it's a very much more consistent business like the cable operations business and so we want to continue to invest in cable programming and that's why we bought the company.

The big surprise was how steady the cash flow appears to be from the theme parks. And if you have great intellectual property like Harry Potter and you execute it well as they did in Orlando, wonderful things happen and so we – we have much more of the cash flow coming from theme parks. We opened a ride, Transformers ride in Los Angeles. I think they had the biggest Memorial Day they've ever had – weekend, and tremendous success.

So, we're feeling really good, really one kind of competitor in theme parks and as the economy hopefully recovers over time, that business gets better and better. Broadcast [indiscernible] (13:03) chipping away at a turnaround, there's just some good things slowly, but we said it's going to take years, so you need a longer lens. We like the businesses, we're investing mostly in the businesses that have recurring and stable cash flows and the synergy between the two parts of the company is going extremely well as we try to pioneer things like TV Everywhere and online content and innovation with the TV and movie content and the international aspects of the company. I'm really glad we did the deal.

**Craig Eder Moffett, Analyst, Sanford C. Bernstein & Co. LLC**

How fast – one of the – you mentioned the core of the business is the cable channels. How fast can you re-price channels like USA? Because they're underpriced on a -not just in affiliate fee basis, but also on a CPM basis in the advertising market?

**Brian L. Roberts, Chairman, President & Chief Executive Officer**

It's all upside opportunity, but it's going to take years. It's contract-specific, there's no secret that a number of the large distributors had multi-year contracts when we bought the company. But if you look at things like re-trans fees and cable fees for successful basic networks, that has been a very profitable line of business and putting my other hat on, that's a frustrating part of the business as you talked about already at this conference. And so, getting on both sides of this question is really important to us and strategically for investors.

**Craig Eder Moffett, Analyst, Sanford C. Bernstein & Co. LLC**

How do you balance that? On the one hand, I want more and then on the other hand I want less in terms of pricing?

**Comcast Corp.**

Company▲

CMCSA  
Ticker▲Sanford C. Bernstein  
Strategic Decisions  
Conference  
Event Type▲Jun. 1, 2012  
Date▲**Brian L. Roberts, Chairman, President & Chief Executive Officer**

I think that we're give or take 20% of distribution and we're 10% to 12% of content or whatever percent they are depending on how you measure content. There is going to be a market and we got very comfortable that we can have all the theoretical conversations we want of what's fair and what's right, but there will be a market for re-trans and I think we will make the case that with the Super Bowl and Sunday Night Football and the most watched shows ever on television, the Olympics, all on NBC, we're entitled to the same as other broadcasters.

**Craig Eder Moffett, Analyst, Sanford C. Bernstein & Co. LLC**

So does that mean you really don't have a horse in the race, so you let the market set the price and you just want to be at that same price?

**Brian L. Roberts, Chairman, President & Chief Executive Officer**

That's ultimately where it's going to settle out, will we have a point of view? Of course, we will. Can we help compromises, can we help come up with win-win outcomes for various – both sides of the house? We want to do that, but at the end of the day, the question you asked is USA priced fairly? There will be a market, and USA will get paid fairly and we will all get rewarded. There may be a little bit of a lag, most of that lag will be because of existing contracts that we inherited, but that's part of what brought us here. We think there's real growth in the business and we're not looking at it quarter-to-quarter, we're looking at it over multiple years. And so when we sit down with the management team, we say, well what are your – what can make us even better and more valuable to our distributors? And the answer is better content. And that's where we've chosen to make the investments, whether that's sports content, Hispanic content, cable content, broadcast content, theme park content.

**Craig Eder Moffett, Analyst, Sanford C. Bernstein & Co. LLC**

One of the questions here is do you have an appetite to get even bigger in content?

**Brian L. Roberts, Chairman, President & Chief Executive Officer**

Well, I think we kind of have a built-in answer to that question which doesn't require acquisition. We have to buy out GE over the next six years. So one of the things that's structured so nicely for us is we have a long time to learn the business, to have some hits and misses. But to keep – to make the investments more valuable and I think that was one of the reasons GE wanted to stay in for 49%. And let – that the time was really low in the economy in 2008, advertising was down. In 2009 when these conversations, in their mind probably started or I forgot the exact date, but clearly we were in a tough time and it wasn't clear what was going to happen to broadcast and re-trans fees and so [ph] we found a (17:08) pretty good low point. We do get 50% of any increase in value on half of our 51%. So we have reason to just let it play out.

**Craig Eder Moffett, Analyst, Sanford C. Bernstein & Co. LLC**

And that means that we should not expect an early...

**Comcast Corp.**

Company▲

CMCSA  
Ticker▲Sanford C. Bernstein  
Strategic Decisions  
Conference  
Event Type▲Jun. 1, 2012  
Date▲**Brian L. Roberts, Chairman, President & Chief Executive Officer**

That's probably right. I think it's been our consistent answer, I mean we always can have – reason to have a conversation, but as we sit here today, there's no reason to think that that's something that we imagine being any different than letting it play...

**Craig Eder Moffett, Analyst, Sanford C. Bernstein & Co. LLC**

So two stages in 2014 and 2017.

**Brian L. Roberts, Chairman, President & Chief Executive Officer**

That's what – that's what is [indiscernible] (17:42), yeah.

**Craig Eder Moffett, Analyst, Sanford C. Bernstein & Co. LLC**

Okay. Can you make money on the Olympics this year?

**Brian L. Roberts, Chairman, President & Chief Executive Officer**

Well, we took a charge to the product – inherited a purchase price accounting because we don't believe that to be the case. Will we do slightly better than perhaps what we had originally anticipated, I think the answer might very well be yes. But I don't want to say for sure yet. We do feel the advertising market for sports content in particular is very, very desirable. The Olympics haven't begun yet, so it's all ratings dependent. We – our experience with Sunday Night Football would suggest that it's better – the Super Bowl, we had the most watched show on television in Sunday Night Football as a franchise. We're pleased to renew it for 10 years. So what – where we think we can get the breakeven or better over the next decade, when we renewed the Olympics was because we will be able to have more cable distribution in addition to broadcast. We will be able to charge for that over time. We will be able to appeal to advertisers with all platforms and all technologies over time, this particular set of economics will [ph] pre-lock in (18:58) and the only variable is the advertising.

**Craig Eder Moffett, Analyst, Sanford C. Bernstein & Co. LLC**

Got it. Okay, well, now let's go back to the other 84% of your business, the cable business. And let's return to video. It's fair to say that last week at The Cable Show, the star of the show was the X1 interface and your new cloud-based interface. Everybody is excited about where that can take us, first just give us an update I think I saw, I know it's rolling out, in fact it rolled out in Boston this week I guess, right?

**Brian L. Roberts, Chairman, President & Chief Executive Officer**

Yes.

**Comcast Corp.**

Company▲

CMCSA  
Ticker▲Sanford C. Bernstein  
Strategic Decisions  
Conference  
Event Type▲Jun. 1, 2012  
Date▲**Craig Eder Moffett, Analyst, Sanford C. Bernstein & Co. LLC**

I think I saw some other markets.

**Brian L. Roberts, Chairman, President & Chief Executive Officer**

We haven't – well, we started in Georgia, we will roll it out in a number of markets this year. It is – we will have hundreds of thousands of customers this year. So let me just level set everybody what is X1, what is a cloud-based box. So you get a new cable box and the guide, the search, the navigation, the poster art, the web features are all in the cloud. The problem historically has been the box, the moment we put it in your house it's obsolete. There's a better box somewhere a minute later. We wanted to get away from that model. The technology is ripe to do that, that's where the whole world seems to be going.

So we think we're the first ones to have got this up and running. It's a hybrid box, so when you actually click the button to watch ESPN, the actual ESPN signal comes the traditional way, but all the rest of the communication is IP from the cloud. And one thing that does is speed up innovation. We change it once, it changes across the whole company. Rather than taking years to change the guide, literally things can happen in weeks. So let me show you a quick demo, again, because it's the Waldorf and it's New York, this [ph] isn't (20:46) our market. It's easier to do this by – this is just video we took from Boston, during the demos that were done up there. And we – it's not demo, this is now launched in the market.

So go ahead and pull up the X1 guide – let's see, there we go. So first thing you see is that, we are trying to play with the iPad to make it a different type of remote control and what you're seeing here is this touching is moving the thing at the top. And you literally have – we work with the Xbox platform, where you can gesture. We have a remote that comes with this guide that you could have done what they just did by pushing the right arrow and then select. But, we think phones and personalized remotes whether it's tablets or this of course would work on an iPhone can do the same thing. So just by touching and gesturing you're able to control what's happening on the screen on the left, which is of course your TV.

Other thing I want to mention and froze it here for a second, I was playing with this at my house, we have this in your house the X1 guide – box, which we call it and every time we have 35,000 on-demand titles now, something like 8,000 movies. So, actually we need reviews. You just can't say this is the name of the movie and here's picture art, that's not good enough anymore. If we want this to be like a web experience, it's got – so well, Rotten Tomatoes has wanted to work with us. It took us two weeks to have Rotten Tomatoes populated on the guide. So every time you pull up a movie like Rio here, it gives you the Rotten Tomatoes review and the information. Two weeks later, across the entire X1 platform, because it's all coming from the cloud we all get the same experience, Rotten Tomatoes is in there.

Okay. So let's keep going again, just goes like that, he's into the show, that's one of the gestures. Another gesture is, let's pause it here for a second, another feature we're working on is personalization. So, this particular guy, Charlie, says that he's got young kids. Friday night in his out is new movie night. So, he's going to program – you're going to watch here how easy it is to do. He's going to program, his own on-demand setting. So rather than just saying movies, sports, news he's going to have in effect Charlie's Friday Night setting and you could change the title on all that, because it's an iPad, but we didn't do that for this demo and you are going to pick – because it can happen quickly, movies, new movies, high-def movies and then that's going to become a button. And anytime Friday night comes on, he just pushes that button and up to the screen, you avoid all

Comcast Corp.

Company▲

CMCSA  
Ticker▲Sanford C. Bernstein  
Strategic Decisions  
Conference  
Event Type▲Jun. 1, 2012  
Date▲

the steps in between, will be kids here, the eights movies that are new this week in high-def that are the type of movies we want to watch and boom, you have your own. That's beginning of we've now personalized your choices, we have to personalize your user interface.

So let's go ahead and roll this. So here it goes into on-demand again, he's just going through the settings. He's going to check the three things that I mentioned. And now you'll see at the bottom, just after Streampix – one more setting to set, now he'll go through – these are the on-demand settings and there it is the, he clicks it, and here on the left, it will do the whole sort and you can run the video for a sec, and there are the choices that are new high-def movies. So, we call that quick links.

Another thing we have is a sports app. So here he's watching tennis, go ahead and roll, and he pulls up, he wants to launch the sports app, again, he can do that just with a gesture. Up comes all the sports on television, which we've shown, but here he's just again, with easy gestures, he can get over and [ph] see when the (24:33) Stanley Cup final is going to be on. I want to set a DVR recording while he's still watching the tennis, set the recording. Now he'll gesture to say, okay, go back to TV and boom, we're back to TV.

So we're trying to play with the remote, as well as the whole pipe, there's just no guide that is that easy and fun to use and we're trying to bring it all together. And [ph] it's not (24:57) clear whether you want a remote, we have something called an RF remote, which is when you see it you're going to love it. The box can be in the drawer, it doesn't need to be out anymore and you don't have to point it. And so that's really cool. We've got to Kinect from Xbox, we wave at it. We had our XFINITY remote, where it's all happening right on the tablet, you're looking at the tablet. But some people want it to happen on the TV while I'm touching my iPhone. I just want to gesture and go even faster, and that's what this is. So we're – it won't be a one-size fits on and then you want to customize it like we did with Quick Links.

Okay. Let me also just say one other thing we showed at the show, just as we did for the diagnostic check, we're looking at how many products we touch in your house now. We touch everything from your home security, which we've now launched in 70% of our markets, which also includes energy management and lights. We have your voicemail, we have your newsfeed from your website with weather and news, and we have your best settings on DVR.

So one idea we are working with and have up running is sort of a screensaver that this becomes your – we call it Project Dayview of all the things that we touch in your life, which keep getting more and more. How do we pull it all together and of course you've got your TV or your tablet as your portals. So here would be a TV, let's scroll this from what we showed up in Boston, and you can start to play. And we just scroll – this would be on your TV, you could scroll through it.

So here is your home security camera, you could pop it down, take a look at the front door. You can go back, you can see of course the temperature in the house. Here is the news that you've set your own news. Here 's your voicemail that you've gotten while you're asleep or whatever, you want to go back, you can – it will transcribe it, you can listen to it, you can watch it whatever. And then we give you suggestions. We know you're a Red Sox fan, would you like to record the game. Here is your calendar et cetera and [ph] conflicts (27:10). So these could be on multiple screens in the house. So it's again trying to reinforce for people the relationship that you have with XFINITY, we're a lot more than a cable TV company and we kind of think that's somewhat futuristic, but we're working on that as well.



**Comcast Corp.**

Company▲

CMCSA  
Ticker▲Sanford C. Bernstein  
Strategic Decisions  
Conference  
Event Type▲Jun. 1, 2012  
Date▲**Craig Eder Moffett, Analyst, Sanford C. Bernstein & Co. LLC**

It is a very different strategic vision for what your company is. I wonder, how do you convince or explain to customers, what your company is, because your customers are still rooted in the Comcast is my TV company and maybe my broadband company, you're talking about something much more deeply embedded in their lives.

**Brian L. Roberts, Chairman, President & Chief Executive Officer**

Great question. During the Olympics, we will roll out – our marketing department's probably going to spank me, when I get home, but we have – that question, we've asked ourselves. How do we explain to consumers, what is XFINITY? That's the number one question I get asked, but one of the reasons we changed was, it's infinite choices on all the platforms which is the X. And we are not a cable company. And we will roll out an advertising campaign that I'm very excited about, that begins to deliver the promise to the consumer that, if we all say, who has done such a great job, let's take Apple, to pick one company. It's not an iPhone, it's not an iPod, it's an experience, it's a certain reliability and experience that you're pleased with. And you just go to their store and you buy whatever they tell you buy and we buy lots of them around the world. And so, we know what success looks like and we've got so many great products. And we need to tell people and we can have a great service experience. And we need to tell people and we need to deliver on those and we're doing in some ways better on the delivery than we are on the telling and I think that's what we're getting about doing with some of the advertising.

**Craig Eder Moffett, Analyst, Sanford C. Bernstein & Co. LLC**

And with the X1 box that you showed, how are you going to price it, and how are you pricing it in Boston? Is it for new customers only, I think or?

**Brian L. Roberts, Chairman, President & Chief Executive Officer**

Yeah, we're starting there. We have limited supplies. We're getting – we want to make sure it's stable. We're going to make it to DVR. When we go to your house, we're going to make the whole house an X1 house. So even though you will have maybe one big box, we have companion boxes. So, we're going to – when you have a service problem, you'll say, well, that's what my guide looks like on an X1 home. So, we're not going to have an X-1 in. So we're operationalizing it at the moment. The cost of that box, to do everything I just showed you, is the same as the box last year was or just to be a DVR.

**Craig Eder Moffett, Analyst, Sanford C. Bernstein & Co. LLC**

Is there any risk, though, that the product is so successful that you say I want to push out those new boxes and there's another cycle of set-top boxes here?

**Brian L. Roberts, Chairman, President & Chief Executive Officer**

No, because we're kind of headed toward a world where that same experience, we'll have more, this is a prediction, I don't know if this is true, I hope we can make it true, it's a goal. We'll have

**Comcast Corp.***Company▲*CMCSA  
Ticker▲Sanford C. Bernstein  
Strategic Decisions  
Conference  
Event Type▲Jun. 1, 2012  
Date▲

more of the X1 experiences running on other devices than on our own devices in the next couple of years.

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**Craig Eder Moffett, Analyst, Sanford C. Bernstein & Co. LLC**

So next couple of years?

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**Brian L. Roberts, Chairman, President & Chief Executive Officer**

The way you do that is you get it on the smart TVs. We're working with Samsung, we're working with Microsoft. We're very prepared to work with others.

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**Craig Eder Moffett, Analyst, Sanford C. Bernstein & Co. LLC**

Are we – 5 years from now, 10 years from now, we're done with set-top boxes?

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**Brian L. Roberts, Chairman, President & Chief Executive Officer**

You know, I'm slightly less bullish on that vision than some of the prior people who spoke and I think there will always be some sort of device that helps manage the home for us for a while, but it will be less and less necessary to spend the capital that we've historically spent because we will upgrade that X1 experience with software, not through a new box. And you know, but DVRs until we move them completely to the cloud, want to still be in your house. But it's a good trend, and it's so far very exciting. As you say, people that have seen some of this innovation kind of goes – this is the scale of the company starting to really pay dividends which is something that I'm very pleased with.

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**Craig Eder Moffett, Analyst, Sanford C. Bernstein & Co. LLC**

One of the companies you brought up, I can't pretend I'm surprised here, there are more questions about Apple TV than any other thing here. What do you anticipate Apple TV is going to be or what Apple might have up their sleeve?

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**Brian L. Roberts, Chairman, President & Chief Executive Officer**

If I knew I wouldn't answer it and I will tell you I don't think anyone speaks for Apple expect Apple. And so I do believe that there is a great set of products that they bring to market, they tend to be able – if you look at how they work in the wireless industry, you have to have wireless in order to have an Apple phone. Perhaps in that business, the variable cost of the bps prove to not be as easy for the wireless companies to manage. That may not be the same case for us, time will tell, you kind of need broadband to say the least. And I'm pretty excited that as you started the conversation that our broadband product superiority, success and focus is very much top of mind for all of us and we're arguing over video and broadband, but it's all integrated in the consumer's mind in many, many ways, and so I'm kind of looking forward to learning more like everybody else.

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Event Type▲Jun. 1, 2012  
Date▲**Craig Eder Moffett, Analyst, Sanford C. Bernstein & Co. LLC**

Can you say whether you've had conversations with Apple about...

**Brian L. Roberts, Chairman, President & Chief Executive Officer**

I'm not going to go into it

**Craig Eder Moffett, Analyst, Sanford C. Bernstein & Co. LLC**

And one debate that we've had here at the conference. Tom Rutledge at Charter said there's no way he would let a company like Apple or anybody else take control of the user-interface. Glenn Britt said I'd be happy to let other people take control of the user-interface and be a video stream into that. You can't get more diametrically opposite views. Where do you come out on that, continuum?

**Brian L. Roberts, Chairman, President & Chief Executive Officer**

I think the consumer has got to be the decision-maker and the place we should put our company is pro-consumer, uncomfortable though that may feel at times. It doesn't mean you just make deals that don't make sense, but as an aspiration, we should be trying to have all this innovation work for you, the customer. Would it be nice if they took our interface? Sure. But if there's many loyal people who want an Apple interface, we shouldn't drive them to our competitor or to not do business with us and it keeps us – should we try to make it as seamless as possible and to have them buy many of our products? I think we should. A lot of detail in that aspiration, but as you saw from our Dayview, we have a lot of relationships today and a lot of those customers like our relationships and we've got to make them better all the time and that's what everything I just showed is part of the goal to do.

**Craig Eder Moffett, Analyst, Sanford C. Bernstein & Co. LLC**

Let's return to broadband for a second, since as you said, broadband is part of all of these services. You just changed your pricing and usage policy from 250 gigabytes per month to 300 and then variablized it above that. Talk about what your strategic intent was there, first.

**Brian L. Roberts, Chairman, President & Chief Executive Officer**

It was to – excuse me, first and foremost, we don't want to – the phrase cap is unfortunate historical phase that came into being in our company because of some discussions with one of the State Attorney Generals on the finding in black-and-white terms, what are our policies were. So we said okay, here's a number 250. As the world has evolved, we don't want anyone to get off our network, we just want to make sure the experience remains great for all and we want to make sure that those that consume substantially way – substantially, substantially more than the average are paying a little more than the average. And so, that's what this is really all about. And I think when we had some people saying that we had motivations to deny, to stop, to block, we wanted to clarify that that's not our motivations at all. And that we should modernize our policies like any business does, and I think it's been very well-received. And so, we will trial several different techniques to

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Strategic Decisions  
Conference  
*Event Type▲*Jun. 1, 2012  
*Date▲*

make – to see what consumers take to the most. But it wasn't any more complicated than just making sure the people who – framing a point of view about our company that was inaccurate that we used it as an opportunity to set the record straight.

**Craig Eder Moffett, Analyst, Sanford C. Bernstein & Co. LLC**

But it's funny, I have read a tremendous amount about your – about the move that you made, which – and I've read very, very different takes on what that view was. With some of those takes saying raising the number from 250 to 300, I'm going to avoid calling it a cap, I'll just call it a number.

**Brian L. Roberts, Chairman, President & Chief Executive Officer**

Threshold.

**Craig Eder Moffett, Analyst, Sanford C. Bernstein & Co. LLC**

Raising it – raising a threshold from 250 to 300 was a signal, that it was a conciliatory signal essentially to the heavy users saying, look we're not trying to put anybody into a variablized world. Other people read it just the opposite way and said this is a step towards variablizing the pricing of broadband. Which of those two is closer to reality?

**Brian L. Roberts, Chairman, President & Chief Executive Officer**

The first is the facts. Most people consume some number, a tenth of either of those numbers. If you look at all the national averages, there are 10, 15, is the consumption and we're talking 250 or 300. So we're – and we're not trying to – I have said repeatedly and you know this at this conference, video over the Internet is more friend than foe to Comcast. And so the fact is, why did we have 430,000 net adds last quarter. And I'll make big news here today, we're adding more broadband subs in the second quarter and we're still growing, there's no news there.

I mean broadband is a growing business. And it has grown each year for the last several years more than the year before. So it's an accelerating growth business. We don't want to do anything to get in the way of that. At the same time, if you are massively consuming, we really don't want to kick you off our network. We just want to find a way to get compensated, but that's for a very small single-digit percentage, very low percentage number of customers who are in that space. So some have called unlimited, we sort of did very – we're going to try, you can buy 100 at a time, 50 at a time, we'll try different models.

**Craig Eder Moffett, Analyst, Sanford C. Bernstein & Co. LLC**

Are you of the view that five years from now, broadband pricing as an industry will largely be variablized or not?

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Strategic Decisions  
Conference  
Event Type▲Jun. 1, 2012  
Date▲**Brian L. Roberts, Chairman, President & Chief Executive Officer**

I think for the vast majority of the customers, it will look – there will be a main flagship series of products where you get virtually in a practical sense unlimited usage, like you do today.

**Craig Eder Moffett, Analyst, Sanford C. Bernstein & Co. LLC**

Interesting, okay. And let's move over to TV Everywhere, there are lot of questions here that boil down to various polite and less polite ways to say. What's taking so long and why do so few customers know that it even exists?

**Brian L. Roberts, Chairman, President & Chief Executive Officer**

Well, it's a fair question. Obviously, polite or impolite, it's – but it's – it's a glass half empty or half full. You're starting to get a sense that the programmers, I saw Bob Iger's comments saying that he's getting slightly more restrictive on what he's putting out there prior to doing it through a authenticated experience. We did do a big deal with Disney. We just lit up watch ESPN anywhere you want. We're about to do Disney Channel with the same capability. We did a great deal with Turner and Time Warner of doing the same. So, it starts with the content rights. And I think the rights holders have been experimenting and trying to figure out what's in their best interest.

And I think what's encouraging for this room is that the answer to that question appears to be, for a number of the major content companies, that they want to see the content available to the consumer on all these platforms, but they want to do it if you're one of their subscribers, and subscribing through one of their distributors. And so now you have to figure out how to operationalize that and how to get people to use it and you've got many different distributors. Again, we think we're playing a good leadership role with our xfinitytv.com.

**Craig Eder Moffett, Analyst, Sanford C. Bernstein & Co. LLC**

Is Streampix, when it grows up, TV Everywhere or is it a standalone product that's more like a Netflix or something like that?

**Brian L. Roberts, Chairman, President & Chief Executive Officer**

It's a little bit of both and it's a little bit of an attempt to say, there was a bit of a hole in our product suite and we're really good at the live window and why you pay \$75 a month for cable TV is you get the live window. And we're trying to expand the definition of the live window to now be the whole first season, the last five episodes. Some definition it changes by content company and by sports versus news versus movies, versus broadcast shows versus cable shows, and we're trying to say okay, that live stretched out definition is what you get number one. Then we had on-demand, and on-demand is up to 50,000 plus choices. In some markets there are tens of thousands of choices, online hundreds of thousands of choices. But there was reruns that – and deep end of the tail with a long tail library year seven, year six, year five, year four episodes, and we – as we're making deals and spending \$7 billion, \$8 billion a year in content, we said, well you know what, as part of the solution to the TV Everywhere rights, we also want to have more library, not for all our customers, but for some of our customers. And so – and we want it available on all devices and so that's what's Streampix is.

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Strategic Decisions  
Conference  
Event Type▲Jun. 1, 2012  
Date▲**Craig Eder Moffett, Analyst, Sanford C. Bernstein & Co. LLC**

When I put all this together, I have got the X1 box a really big move forward in user interface. I've got the best video-on-demand libraries, Streampix and TV Everywhere coming out, it's TV Everywhere [indiscernible] (42:30). You've got – I think what is arguably the best video product in the industry and that's really the first time since 1994, I think, that a cable operator can say we've got the best video product that money can buy.

**Brian L. Roberts, Chairman, President & Chief Executive Officer**

Is that when satellite started? You have all these [indiscernible] (42:47)

**Craig Eder Moffett, Analyst, Sanford C. Bernstein & Co. LLC**

That happens to be the year that...

**Brian L. Roberts, Chairman, President & Chief Executive Officer**

I know you pull these things out, Craig.

**Craig Eder Moffett, Analyst, Sanford C. Bernstein & Co. LLC**

It happens to be the year that DIRECTV launched.

**Brian L. Roberts, Chairman, President & Chief Executive Officer**

I'm going to debate that, but I'm going to let you get away with that one, go ahead. It's so long ago.

**Craig Eder Moffett, Analyst, Sanford C. Bernstein & Co. LLC**

So make me look good here because I predicted a couple of years ago that when I first saw the – what was then called Excalibur in Georgia that – that you were eventually going to get back to positive video subscriber growth, something that I think nobody in the industry at least a couple of years ago would've expected. Now there's starting to be some real discussion about that. Is that a mission internally?

**Brian L. Roberts, Chairman, President & Chief Executive Officer**

It is and I do give you real – you believed in our ability to fight back and it's the holistic of everything we've just shown today. You got to have good service, you got to have good products, you got good interface and it's got to get better all the time. And now we have the wonderful ability to bundle it in this triple play and with Verizon Wireless, a quadruple play, that is very special. So there's no reason – and the mission internally is to get back to positive video. And in a number of markets that is happening. And we've had five quarters in a row, six quarters in a row, six, Marline tells me where we've improved and we reduced the video losses year-over-year.

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Conference  
Event Type▲

Jun. 1, 2012

Date▲

And I believe that we can continue that and that we are – Neil is doing a fabulous job of focusing the organization on that mission. Hopefully, we're just talking about when, not if. And two years ago, we were talking about why would that ever change, I agree with you. I believe without a doubt we have the best video experience out there. And when we got the NFL RedZone, for those of you who have Sunday Ticket and that was the big reason not to be with us. At least in our company, I think we feel 90% of that whole – because it sort of is Sunday Ticket. It just changes channels for you. And so we're pretty excited with the whole suite of offerings now puts us in a position to make that happen.

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**Craig Eder Moffett, Analyst, Sanford C. Bernstein & Co. LLC**

So, you've got the best broadband product and the best video product. Is phone able to stay positive for much longer?

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**Brian L. Roberts, Chairman, President & Chief Executive Officer**

Phone is, you know, we had a pretty good first quarter, and we sort of dusted off, Cathy Avgiris is doing a nice job, who is the Manager of Phone and Broadband, and said, we got to go back to phone. So, we just announced in Boston two really cool things. One is that if you have our phone and you are at a Wi-Fi hotspot, anybody's Wi-Fi hotspot, but including at your house, where we will Wi-Fi you, including your neighborhood where we are Wi-Fi-ing the neighborhoods, you will get free voice and free text from your – so you will take your mobile device and you can send a text, and it will show up as the home phone is sending the text, which knows it's you and that text is free. And if you do a phone call that phone call is free.

And so we think that will add substantial value to more than just saying take the phone because it's cheaper than the competitor. Now it's even more valuable in your mobile world. And of course, we'll have mobile devices ourselves, where that's the case, it's free text and free voice.

And the second announcement is that we're working with the other MSOs to build Wi-Fi that's interoperable across the nation. And so again, I think all of that comes back to and if you go back to that Dayview screen, where we say, well, here is our home security and here's your phone and here's your voicemail and your voicemail shows up on your devices. And oh, by the way your text – we're a player and your device is now your remote control and you personalize that with Quick Links, these are all steps we're able to take to reinvigorate our phone relationship – our voice relationship with the customer.

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**Craig Eder Moffett, Analyst, Sanford C. Bernstein & Co. LLC**

So we've only got a couple of minutes left. I would be remiss if I didn't come to everybody's favorite topic and that is the capital structure of the company. Let me lump in capital spending for a second. If I think about the trajectory of free cash flow in this business. Can capital spending keep coming down in this business and as free cash flow grows what do you do with it? Is there an opportunity for higher leverage and investor share repurchases or how do you think about that balance?

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Strategic Decisions  
Conference  
Event Type▲Jun. 1, 2012  
Date▲**Brian L. Roberts, Chairman, President & Chief Executive Officer**

Great that you got to it. First of all, we didn't talk about business services. So give or take \$700 million a year I think is a number for capital spending for business services. So if you really took that off the table, Craig, you would see much lower CapEx. That \$700 million is powering a business that grew 40% the last several years, is on pace to be a couple billion dollar plus business a year from zero. And we can go into the medium-size and sell backhaul and metro Ethernet businesses. So first answer is, we'd love to put more capital with the business services, if we continue to get 30% IRRs or whatever, as we've been historically getting, [ph] as a (48:24) 50% margin business, fantastic. Secondly, as we talked about the – that we really have two balance sheets: the NBC balance sheet is there to buy out GE. It does it beautifully over time, should not require any new Comcast cash.

And so the cable balance sheet as it continues to delever, we up the dividend 40%, we announced the \$6.5 billion buyback. We said we'd do it over two years or at least approximately half this year or \$3 billion plus this year. And we said, we would come back kind of each year and talk about the capital structure year by year. So being that it's the middle of the year, I don't have anything new to add, except that it is what you've been talking about, or we've been talking about for a lot of years, that one day this machinery just looks fantastic. And I don't see any change to the trajectory in terms of the capital needs of the company. And I think we don't feel we have to go and do acquisitions because the businesses can grow and start organically here and abroad.

And so we're in a really nice moment in time that we've all waited a long time to get to and I think we're there.

**Craig Eder Moffett, Analyst, Sanford C. Bernstein & Co. LLC**

All right, that's great. We've to leave it. We're just hitting the zero on the time clock back there. It's been a terrific discussion. I thank you for coming. I look forward to doing it again next year.

**Brian L. Roberts, Chairman, President & Chief Executive Officer**

Sounds good, Craig.

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