PARTICIPANTS

Corporate Participants

Michael J. Angelakis – Chief Financial Officer & Executive Vice President

MANAGEMENT DISCUSSION SECTION

Analyst, Goldman Sachs

Great, thanks. I think we're ready to go. And again, everybody, thanks for joining us. We're really excited about the lineup we have this year. I think we have the opportunity to get off to a particularly strong start this afternoon with Michael Angelakis, the Chief Financial Officer of Comcast. Welcome.

Michael J. Angelakis, Chief Financial Officer & Executive Vice President

Thank you. Glad to be here.

Analyst, Goldman Sachs

Lots of things to discuss obviously. I think with the industry backdrop, there are certainly lots of debates around ARPU trajectory and cord cutting. I think one thing is clear though as we look at the second quarter trend rates, the first quarter trend rates, what we sort of know about the data is on the cable side, there have been some very positive inflections that we're seeing at Comcast that we aren't necessarily seeing in the rest of the industry. If you look at PSU adds, up in 2Q versus 2Q last year; nobody else in the industry did that. If you look at basic video losses, a decline in the loss rate in 2Q; nobody else did that. Would love to help you think us through what's going on at Comcast that is different than what we're seeing in terms of the rest of the industry? What can you attribute the success to?

Michael J. Angelakis, Chief Financial Officer & Executive Vice President

Well, I think it's a combination of factors. Good morning or good afternoon, everyone. I think we have been very focused on really leading the innovation cycle with regards to our products. If you look at what we've done over the last couple years, where we basically developed the all-digital platform in terms of DTAs, that's basically complete, roughly 90% of our footprint, and that allows for really a much better enhanced video product.

We've also launched DOCSIS 3.0 several years ago. That's basically complete within 90% of our footprint. And we've continually increased speeds with regards to our high-speed broadband. We've also innovated in a variety of different ways, whether it's through iPad and Xfinity.com, whether it's with how we do with navigation and how we do with user interfaces. And I think the entire experience for our customer in terms of the product has increased substantially over the last three or four years. And I think we are somewhat unique in leading some of that development and really focusing on how do we develop a better product for our customers, particularly video, high-speed data and voice.

Second thing I think we've done is really focused on customer service. We have continued to increase our customer service scores over the last year or so. We are very focused on retention. We're very focused on making sure we do things right the first time. There's been a renewed granular focus with regards to how we're competing and how we serve the customer, and that I think is paying off in spades.

I also think that overall we're competing better. Combined with customer service and combined with better products, I think how we're competing with our customers, with the folks that we've been competing, telcos, satellite and so forth. We're just doing a much better job in terms of executing.

I think we also have developed, and I'm not sure how many folks in our service area here, but additional branding with things like Xfinity.com and Xfinity Television Service. The Xfinity brand, which is now in almost 90% of our footprint, has really high customer awareness. And the brand is actually doing very well with non-customers who feel better about Comcast, and our existing customers feel better with that brand with regards to having a good value for money or technologically advance.

So I give our operations team really high marks of really just focusing on execution, blocking and tackling. But it's been a couple years in the making. And we've actually had three consecutive quarters of year-over-year improvement, not just one in terms of second quarter. Some of the metrics you've mentioned for the last three quarters we've actually outperformed last year. So there's a – we are feeling pretty good about our product, which we're continuing to innovate, and we'll spend more and more time on providing more value to the customer and we're getting better at customer service. There's more work to do there. And our brand will continue to drive. All that's wrapped up with financial results in ARPU and retention management, and again, I think we're doing a terrific job there. So a real credit to our operations team who is just very focused on executing the plan we have.

Analyst, Goldman Sachs

That's lots of food for thought. So we'll get into a lot of those sort of topics in the discussion. I guess maybe just to frame for the audience, there's a lot of moving parts in the revenue trajectory at Comcast at this point. We've got commercial, which obviously very exciting opportunity, the ability to steal a lot of share from the telcos. Broadband; that continues to be a share game. I think a lot of investors are excited about it as an incremental ARPU opportunity as well. Residential video where you've been holding your own, but there are secular concerns. This is generally translated at least in the cable side to sort of mid-single-digit revenue trajectories. We sort of think through all these different components. Is that sort of right framework going forward?

Michael J. Angelakis, Chief Financial Officer & Executive Vice President

Yes. I mean, we really look at product by product or service by service and really go deep in terms of analyzing each of those services. The video product, it's a terrific product, it's a much better product than it was four years ago and I suspect tomorrow it'll be a better product than it is today. That revenue is low single-digit; we're selling more services to the high end. There is – and you mentioned this in your opening remarks – a bit of a bifurcation. But it is a terrific business, really free cash flow generative, and it's a mature business. We all have to recognize that. But I think we have a lot of confidence that we can continue to grow that business.

You look at the broadband business, terrific business, double-digit revenue growth. We have 34% penetration of our market. I think you have to believe that broadband is going to be an 85%, 90% penetrated market. I think people several years ago would have brought that number way down, but I think today it's probably 85%, 90%, and we have 34% of the market. I think we have clear product superiority there. And we're doing lots of things with regards to increasing speeds of those services, and obviously as we make more investments in that product with DOCSIS 3.0 and other services we're increasing ARPU.

People forget voice a little bit; I wouldn't really want to forget voice. Voice is a 6% or 7% growth business, very high margins. We only have 17% of the market penetrated there, so if you think about even with wireless substitution, there's a lot of room for growth in the voice business. And we're bundling it within our service categories, and I think people dismiss it, but it's a terrific business for us and we're continuing to grow that business nicely.

You mentioned business services. Business services is growing 40% plus. We have pretty small market share today. We have a $1.7 billion run rate business on a market that you could define as $25 billion or $30 billion. And right now we're in the execution phase of the small end of the market. We're still in the building block stage of the middle part of that, but we're very excited about the opportunities there and we think we have again a better product and some real competitive advantages and some real pricing capabilities.

You mentioned advertising. Advertising is up for us on our core business about 7.5% this year. Political has some – that's not including political. And our advertising business is just under $2 billion and that's growing nicely, and we think there's opportunities within that business particularly around interactivity and some of the things we're working on.

So we have a combination of products, and we're continuing to plant seeds for new products, whether it's home security or cell backhaul or other areas where we are really looking out over two, three, four five years and how do we invest and leverage our network in a way we can continue to grow the business. So all those categories are in different stages of their development, but there's a level of optimism that we can execute that.

Analyst, Goldman Sachs

I guess – yes, I wanted to ask a couple questions about sort of the economic overlay, as I said, I mentioned in opening remarks, this sort of high-end, low-end bifurcation. I guess as we track the commentary that you guys made and particularly in relation to the second quarter, it was sluggish connect activity initially and then we made some tweaks to get volumes back and we saw progress. I think many investors, when they hear we made some tweaks, it's sort of associated with promotional activity, discounting, and that's what gets the volumes back. I don't think that was the case for you guys, but can you step us through what you did and what works in this environment?

Michael J. Angelakis, Chief Financial Officer & Executive Vice President

Yes. I want to make sure we're clear: that's not how we're focused. People ask me pretty consistently where do we really focus, and if there's two words, we're very focused on profitable growth. So we really pushed that mantra throughout our entire organization; we're very focused on customer lifetime values. So we know how our sort of bundle of service look like from a customer lifetime value standpoint.

With regards to B1, which I think is what you were talking about, we have lost more customers in the B1 category than others. We are really focused on customer lifetime value, so those can be very profitable customers, because don't forget about 70% of our customer base takes more than one product, actually takes two products, and 35% of our customer base takes all three products.

So we are super focused on making sure that customers that come on to our service represent positive customer lifetime value, and whether they are high-end customers or lower-end customers, we're trying to bundle them. We're using a variety of channels. We're using online channels, which have been very good for us this year. We've revamped how we're putting on customers with Connect Online, a whole variety of other channels, but I don't think it's as promotional as some people might think.

Analyst, Goodman Sachs

There's also the seasonal overlay that we sort of have to think about as it relates to 2Q and 3Q. Steve was asked this question last week about volumes, and I think his response was, historically when I was involved in this business, I used to get freaked out in July and August, but then September I'd calm down and volumes came back, and he said he was optimistic. I'm wondering if you can put sort of a finer point on it. Are you seeing volumes come back the way you'd expect in September?

Michael J. Angelakis, Chief Financial Officer & Executive Vice President

Yes, there is some seasonality in the second quarter; there's some seasonality because you have snowbirds and you have college folks sort of leave and that impacts our connects and has always impacted our connects. So I can tell you Steve would have anxiety in the second quarter related to what that really looks like. And then in the third quarter, you do tend to get some of that back with regards to September in back-to-school and those kinds of areas. We are very focused on back-to-school. I don't want to give guidance, but I hope you hear from my tone, we have a level of confidence in our business. We think we're continuing to execute well across all categories, and we'll see where the third quarter plays out, but we feel pretty good about how the business is performing.

Analyst, Goldman Sachs

Great. One of the other things that comes up, and it could be a longer-term discussion – love your perspective on it, but this sort of concept of added territory video. And this is, it's more a theoretical debate at this point than anything, but you I think, recently, the second quarter call, your comment was, we haven't found a model that actually makes sense. And I guess I wanted to probe that a little bit more because this to me would seem to come down to success being driven by the scale operator with programming. And you guys would seem to be [ph] in that seat (12:36), so I'm wondering if you can give us a little bit more detail or color around why it wouldn't make sense [ph] with the amount of footprint. (12:41)

Michael J. Angelakis, Chief Financial Officer & Executive Vice President

We may be uniquely positioned with a lot of ingredients, but if you really look at our business, our key asset is the network we have. And if you look at our penetrations, where we have – our network path is a little bit more than 50 million homes. And we have 23 million video customers. We have 34% high-speed data penetration. We have 17% voice penetration. We have low teens, 12% or so, on small business services. That's the small part and really embryonic on the medium side.

The best return that we can do is to increase connection to that network, whether they be voice, video, data or they be on the business services side. We want to leverage that network; we want to leverage the relationship we have with our customers. We want to be able to control the experience and service that customer. So when we look at the opportunities we have and we think over the next 5 or 6 or 10 years where we think we can show the most profitable growth that is sustainable, we think it's being able to leverage our network. We don't necessarily believe today doing an outer network service on somebody else's network and negotiating with programmers and very low barrier to entry is a great business proposition for us.

Analyst, Goodman Sachs

And is that decision a silo approach of we do this and no one else does and what are the sort of silo economics? Or is that sort of – is there additional consideration there: if we do this then everyone else is potentially going to do it to us and this is industry Armageddon and that's what ruins the economics?

Michael J. Angelakis, Chief Financial Officer & Executive Vice President

No, no. I don't think it's that. I think it's we're – you want to – a large company with a lot of folks and you want to point your organization to focus on where you can drive the highest ROI that has real sustainability to it. And I think we've concluded that leveraging our network where we think we have a lot of growth left within our territory is the highest ROI that is sustainable. So I'm not sure the sustainability of out of network with regards to programming costs and you really don't differentiate and we've looked at this a number of times and continue to come back to we have terrific opportunities in the communities that we serve, which is over 50 million homes.

Analyst, Goodman Sachs

Maybe we can switch to broadband; that's obviously a big opportunity. You've talked about it more in sort of penetration gains, which makes a ton of sense. I think investors are also excited about the ARPU opportunity. And when we look at your share versus telco, which obviously continue to take just dominant share, would suggest...

Michael J. Angelakis, Chief Financial Officer & Executive Vice President

I wouldn't use that word, but that's okay.

Analyst, Goodman Sachs

Very high share. It would suggest – you've got room for greater pricing differential than you have right now. And so the question I get from investors is why not monetize that differential.

Michael J. Angelakis, Chief Financial Officer & Executive Vice President

Well, I think we are monetizing it, and I think we are being very careful about the balance between market share and ARPU growth. We've invested a lot in our broadband products. With DOCSIS 3.0, we're putting WiFi modems in; we call them [ph] Dorys (16:11). We are increasing speeds of our service, and we also are increasing pricing. This year through the second half, I belief 75% of our high-speed database has experienced a rate adjustment with regards to their broadband service. But what I think is probably more important is we are taking share. Over the last eight quarters, if you add up the net adds by the two large telcos, Comcast alone has outperformed the large two telcos in terms of share shift pretty dramatically over the last eight quarters. And we feel really good about that product.

So we feel good that we're able to take share from a competitive standpoint. We feel good that we think the market is expanding somewhat, and if you're a believer in broadband you've got to believe it's going to 85%, 90%. And then we've also over the last several years have done rate adjustments that commensurate with our investment in the broadband service. So we're increasing ARPUs.

So it's a terrific business for us and there's a real balance between the ARPU and share. And I think we're growing both really nicely. I think second quarter revenues were up over 10%, and that's a pretty good number on a business that is as large as that is.

Analyst, Goodman Sachs

And so with the investments you've made, the tiers you created and hopefully migrating customers up the tiers, is the expectation from here that ARPU growth improves in broadband?

Michael J. Angelakis, Chief Financial Officer & Executive Vice President

Yes. About 24% of our base takes a higher-tier service, which means more speed. I think there's a real hunger for more speed and we're taking speed up again. So people who have our flagship service, their speeds are going up. People who have our Blast! service, their speeds are going up, and over time we're continuing to monetize that I think that if you really look at our broadband business, we have absolutely monetized that business and we will continue to do so.

It's a really terrific business, and importantly we think we are creating a wider moat from our competitors by increasing speeds and doing a variety of different things that we think competitively we have a much stronger product. And the numbers speak for themselves in terms of share shift, while we're also increasing ARPU. It's pretty hard to do where you can increase ARPU I think as dramatically as we have and increase the number of customers as dramatically as we have.

Analyst, Goodman Sachs

Maybe switching gears to business services, there's always sort of very large numbers thrown out about what the actual opportunity – [ph] and footprint (18:51) opportunity is. As investors look to cut the current capability set, and where the capabilities extend, and we've obviously seen a range of [ph] SELAC (19:05) and cloud computing deals that both you and a number of your peers are engaged in. Where is the current capability set? Is there sort of a certain employee size that you can help us think about and maybe sort of cut this down?

Michael J. Angelakis, Chief Financial Officer & Executive Vice President

So this is another pretty exciting area for us. We have to recognize it's a relatively new area for us. And we divide the market pretty much in three categories. We divide the market in a small business, and that is businesses that have less than 20 employees. These are restaurants; lawyers' offices, small ones; doctors' offices; and that business really got going about three years ago and has really got momentum. We've invested capital in that business, put in an entire new sales force. How we service that customer is different, and these are really important high ARPU customers for us.

The margins are accretive now, so we're at about a $1.7 billion run rate in that segment. We look at that segment and say that's between a $12 billion and $15 billion marketplace in our footprint, and that business top line is growing roughly 40%, 45%. And we are in what I would call the execution phase of that business; it's literally feet on the street, salespeople, provisioning, and we have a terrific leadership that's focused on that business, and again that's a small side.

The medium side is a bigger business that has more than 20 employees, but probably less than 500, maybe more like less than 250, and there it's a more complicated sales process, but we have hired literally 700 people in that business this year. We have invested in that business, where we now have facilities for Metro Ethernet in 90% of our markets. We have PRI and trunking in all of our markets, and we're just starting in that business with the sales cycle, and we look at that market, which is our revenues are pretty darn small right now, but we look at that market as probably a $10 billion to $15 billion marketplace in our territory as well. And we are in the beginning of the first inning, top of the first inning, in trying to develop that business. But the building blocks are starting to be in place, and we're going to be monetizing that business more so next year, and we have a five-year plan for how we look at that business.

Cell backhaul is probably a smaller business. It's about a $1 billion opportunity in our market. We increased the number of towers we have by 60% this year. So we are deploying fibers to certain towers and that's a very nice business for us. All three of these businesses have really great ROIs; I mean we focus very much on the ROI of these businesses. If we're going to build fiber into an office park for either the small or metro there is a lot of calculations that go in what we think we can penetrate; we even try to pre-sell certain customers. And this is just a terrific growth opportunity for us that has accretive margins and the small side is free cash flow positive as well.

So we really like this business and we're going to continue to spend a lot more time pushing on that business.

Analyst, Goldman Sachs

So if we just aggregate those businesses, the growth in business services had pretty consistently been in and around 50%; it decelerated a little bit last quarter to 42%. Is this, the law of large numbers is finally starting to catch up with the business? Is it macro?

Michael J. Angelakis, Chief Financial Officer & Executive Vice President

No. Actually, what's interesting is we actually acquired two small companies, one called Cimco and one called NGT. When you look at the 50%, that includes the revenues from those two entities. When you look at the 42%, that's more apples to apples, year over year, because those transactions closed in the first quarter of 2010. So I don't know if we can continue 42%, 45%, 50% for a long period of time. But we're going to continue to grow this business very profitably and we have really high expectations for where that business will go.

Analyst, Goldman Sachs

I wanted to ask just briefly on wireless. I think you and a number of your peers have talked about the desire to maintain optionality long-term in wireless through some sort of strategic stake. And as we look at where Clearwire is right now, obviously the equity has been significantly diminished. A this point there's a few more questions about it. And I'm just wondering, is the long-term framework still we want a strategic stake in wireless, and if so, is it time to maybe move that stake up into Sprint and think about your spectrum differently?

Michael J. Angelakis, Chief Financial Officer & Executive Vice President

No. I think that our strategy hasn't changed at all, and it really boils down to what we're trying to do from a business perspective. The business perspective is we think we have superior products in the house, video, data, voice somewhat integrated, as well as now in some of these in businesses. And we want to be able to offer our customers mobility; we want to be – have the customers be able to access those services and access them anywhere, anywhere, whether it's through a wireless network or whether it's through things like WiFi.

So the real goal for us has been how do we provide that mobility, and I think today we have really sort of a three-part strategy. We have one, we're doing a lot with apps where we're utilizing someone's network and we are using tablets and Android and iPhones where people can access certain parts of their services all remotely, all through an application-type effort.

We also are deploying WiFi, and in some markets we deployed WiFi in 4,000 points, in Philadelphia, and we'll be doing some more of that, relatively low-cost, and we're seeing how people are utilizing that service and WiFi is both inside the home as well as outside the home in areas that have high traffic.

And then we still do have a relationship with Clearwire and with Sprint on the 4G and 3G side, and I think we're always evaluating that. We have no desire to own a wireless network, we have no desire to write large checks, but we would like to find a way where we can offer that kind of mobility for our products in a strategic way that makes sense and that we can enhance value of those products for our customers and obviously try to get a positive ROI. So we're always evaluating that, but the key strategy really hasn't changed over the last few years.

Analyst, Goodman Sachs

I want to switch gears to margins. I've got a couple questions here and then we'll open it up to audience questions. We'll do that in a minute. On margins, obviously lots of moving parts here. I think the opportunities you have with ARPU, you're talking about, the business services opportunities and those generally being accretive. It seems like a lot of this is a formula. I know you don't especially manage the business for margin, but it's been incredibly stable for the while, but it seems like.....

Michael J. Angelakis, Chief Financial Officer & Executive Vice President

It's been going up just a little bit.

Analyst, Goodman Sachs

But it seems like the formula here would lead to further accretion. Is that the outlook?

Michael J. Angelakis, Chief Financial Officer & Executive Vice President

I wouldn't predict that, maybe just because I'm conservative and don't want to give anybody input into models. You're right, there's a lot of factors that go into that margin, and we are more ROI focused than we are about the first 10 basis points of margin. We are much more focused on, is this a really good decision to allocate those resources and are we going to get a real positive ROI than what's the impact in this quarter's 10 basis points. That's really how I think we're trying to make sound business decisions.

But when you look at the margins, there's positives and negatives. The positives are we have better mix, with high-speed data we talked about, voice we've talked about. If you go back and look at our trending schedules several years ago, our voice margins were just okay; today they are terrific. If you talk about the small part of business services, we have accretive margins. If you talk about advertising, we have accretive margins. So there's a number of positives. Efficiencies, we're continuing to take out of the organization, is clearly helping with margins as well. So there's a number of positives. The negatives, and I wouldn't say they're all negative, is one is programming costs are accelerating and that is clearly a negative to the video side and putting some pressure on video gross margins.

We are spending some more on marketing to build our brand better, and we have more products and services, and the products tend to be more complicated now with multiplatform services. So how we market and brand those is important. And then we also are investing in areas that clearly have an impact on your margin. As I just mentioned, hiring 700 people for the medium-size business services and putting a lot of OpEx into that business clearly has – without commensurate revenue – clearly has an impact, but we are looking at that five-year business plan.

So net-net there's positives, there's negatives, but I think that we'll continue to have a relatively stable operating cash flow margin.

Analyst, Goldman Sachs

And I guess one of the things you mentioned on programming costs, retrans is one of those things that sits at the heart of this. I think it still surprises people to hear what we heard last week, which is a Comcast representative talking so favorably about retrans opportunities. You would obviously have a little bit more of a balanced view. Is it more of a risk or an opportunity at this point?

Michael J. Angelakis, Chief Financial Officer & Executive Vice President

Listen, I think it's the reality. I think that Steve is absolutely right that the reality of the situation, and we've known this for a number of years, is that retransmission consent compensation is going to flow from distributors to the networks. We've known that for years. And I think NBCUniversal ultimately will be a beneficiary of that. And Comcast on the cable side has been managing through that. We've had, as you saw last year, renewals with CBS. We have a number of things that are already done, but I think Steve was just voicing the reality of the situation: it clearly is a positive for NBC in terms of the network.

On the cable side, obviously we talk about programming expenses overall; they're a challenge. But I think going to back to the discussion we've just had, we've been able to manage through those programming agreements in a way where we're in the mid to high single-digit rates. And our overall operating cash flow margins because of those positives and negatives have been relatively stable. So it's clearly a challenge. Retransmission consent is an opportunity for NBC, no doubt about it. And we're happy about that.

Analyst, Goodman Sachs

I wanted to focus quickly on capital allocation before we open it up, and I can certainly come back. I've got a few other questions, and I wanted to make sure we hit this topic. I know it's your favorite topic. These decisions obviously are annual decisions that go on sort of at the board level, but I wanted to talk maybe about the factors that influence the decision. Maybe first, there's a lot of discussion about ratios and leverage targets, 2 to 2.5. I guess what hasn't been part of the discussion, but I'm wondering if it should be, is sometimes you see companies get to a certain size where just the absolute level of debt becomes a little bit of a limitation, and you guys have crossed over the $40 billion mark. How do people think about this?

Michael J. Angelakis, Chief Financial Officer & Executive Vice President

We do have $40 billion of debt. We are laser focused on how we manage our balance sheet. I think we've done a terrific job of managing the balance sheet. We are in regular contact with rating agencies, who I think feel very good about our capital structure. They like the idea that we have a target range of between 2 and 2.5 times; we think that solidifies our strong investment grade ratings, which is important when you have a balance sheet as large as we have.

I think it's really important that you look at how we utilize free cash flow; that may be even more important when we talk about return to capital. And I think what we've articulated is that every year we will have a financial strategy that we will take into effect what our yields are, whole variety of different metrics, including how the market is overall. And if you look at how the balance sheet is really managed, it managed with two pools of free cash flow. So you have the NBCUniversal pool, and you have the Comcast pool, which primarily the cable operations and corporate. We're dedicating 100% of the NBCUniversal pool to really build capacity for equity redemption. And we look at that as that is the plan that is really what we are focused on is generating that free cash flow to ultimately buy shares from General Electric and increase our ultimate ownership within NBCUniversal. So that's pretty dedicated to what that strategy is.

The Comcast cable strategy has been to provide the majority of that free cash flow back to shareholders in the form of both dividends and buybacks. And that was our 2011 strategy and we will complete our share authorization by the end of this year. And we're already starting to have some preliminary discussions with our board about what 2012 looks like, but how we want to look at a buyback for 2012 and importantly how we want to look at the dividend.

So we feel really good that both entities or both balance sheets, number one, are strong balance sheets and managing very well in a low interest environment. We've been able to I think refinance appropriately on both sides and take advantage of some of the rates. And at the same time we're generating free cash flow of which the majority is going back to shareholders in one form or another, whether it's on the NBCU side ultimately or directly from the Comcast and cable side.

Analyst, Goodman Sachs

And can you talk to the level of commitment to really keeping these pools of capital separate? I guess one of the things that came up in particular around June was with the parks deal, which involved borrowing from the corp at least on a short-term basis.

Michael J. Angelakis, Chief Financial Officer & Executive Vice President

Right.

Analyst, Goodman Sachs

A lot of people say, well, the NBCU pool, we're confident that stays over there, but the risk is that the cable pool gets somewhat distributed. But to me that seemed like a one-off situation.

Michael J. Angelakis, Chief Financial Officer & Executive Vice President

Yes, I mean, there's cleanup going on at NBCUniversal. We looked at and we can talk about theme parks; we thought the theme park deal was a fantastic transaction for us. And if you look at how it was financed, $750 million of $1 billion was financed by NBCUniversal, primarily on its own – all on its own balance sheet. A lot of it was some of the cash at parks as well as some of the cash at NBCU because parks was a separate entity.

Comcast did lend $250 million over to NBCUniversal; we expect to get that back in literally a six-month period with a market interest rate. So for us it was a short-term thing to literally make a very strong investment, and now we're consolidating all the parks, which have been a terrific business for NBCUniversal.

So going back to, I think, the core of your question is your commitment to making sure that the NBCU cash flow is used for buying back the equity and the Comcast cash flow or the majority of it is used for return on capital, I don't see that changing and I don't see any desire to move cash flow over to NBC. I don't think we need to do that, and I think that the real goal is for us to ultimately buy the equity from GE, which will be in about three years.

Analyst, Goodman Sachs

Great. Do we have any questions from the audience? If you have a question just raise your hand; there's a mic in front of you which you'll need to turn on. Okay. Can you – the mic, turn it on. Thanks.

QUESTION AND ANSWER SECTION

<Q>: You have a potential buyer of content just freed up $300 million, $400 million of their budget...

<A – Michael Angelakis – Comcast Corp.>: I'm sorry; I can't hear what you're saying.

<Q>: Netflix just freed up $300 million or $400 million of purchasing power in their budget. Would you guys look to take advantage of that? Or do you view sort of the Universal content or the television library content at NBC as something that's a competitive advantage as you compete with them through your extended new product?

<A – Michael Angelakis – Comcast Corp.>: If the question, I'm just not sure, if the question is are we doing business with Netflix, we have actually in the second quarter announced a transaction with Netflix. It is primarily deep library. The way the transaction works with Netflix, a significant amount of the revenue is actually realized in 2011, but the cash comes over the length of the contract.

I think that we're in – we'll see the value of that deep library increase not just for us but for other folks. When we looked at it, we sort of said this is a nice transaction for NBCUniversal, and we should proceed with that transaction with Netflix. On the VOD side that we have at Comcast cable, it actually is somewhat of a different strategy, where we have much more current TV shows and more current movies. So we also have library, some of it from NBCU and some of it from other folks, but the majority of the views that we're getting on our VOD is we have the most recent TV episodes and the most recent movies, and that's where the vast amount of the views are.

So it's a little bit of an apples and orange, and we were happy to have a transaction with Netflix that we think makes a lot of sense for the catalog or library that NBC has on the television side and Universal has on the movie side.

<Q>: But you don't see an opportunity to monetize more current profit?

<A – Michael Angelakis – Comcast Corp.>: I think that we are in – I think Drew said it nicely when he started out the conference: you have to be really careful about what the value of that current content is from a syndication prospective, from a cable channel prospective, from a broadcast prospective. So I think we are much more comfortable monetizing the more catalog deeper library than we're with more current at this point.

<Q>: We've got time for maybe two more questions. Anybody else? Maybe I'll just wrap up with NBCU. Obviously this was talked about, I think, extensively last week, but I guess one of the things from my perspective that I'd love to get a feel for is just as investors look at the turnaround in particular in broadcast, what are the key metrics we should be focused on to gauge success?

<A – Michael Angelakis – Comcast Corp.>: You've got to look at NBCUniversal, I think, in four different segments. It's a complicated large business. The cable channels are clearly the heart and soul of that business from a financial point of view. The cable channels represent the vast majority of the operating cash flow, and we think it's a terrific business and doing very well. And what people miss sometimes is, don't forget, we contributed into NBCUniversal Comcast Cable Channels, E! Entertainment, Style, Versus, Golf and all the regional sports networks. And they've spent a lot of time integrating those channels into NBC Sports Group as well as into the Entertainment Group. And I think we're seeing a lot of positive aspects of that integration just seven months into the deal.

So the cable channels, you really got to look at revenue growth and ratings and advertising growth and the ability to monetize on distribution fees; that is a relatively straightforward analysis in terms of the metrics. The next one I would say is the actual network itself, which is clearly more complicated and I think is a multiyear turnaround, where I think we are a growing cable networks, great free cash flow. The network is a bit of a turnaround; it's going to take time. And I think that we are eager to move it from fourth place to third place, which we think we can do over time, and that represents a real financial opportunity in terms of CPMs and advertising. And then we just talked about retransmission consent, which we think materializes in the next few years, that will obviously help the network I think grow the business nicely.

Theme parks we talked a little bit about, terrific business, metrics there are the number of people who are going to the park and the per capitas and we are very focused on those metrics and the management team of the parks is doing a terrific job. Orlando obviously with Harry Porter has done very well. I think in the second quarter results I announced that in the last 12 months, Orlando generated over $550 million of operating cash flow. And Hollywood is doing well too with King Kong and Transformer attractions coming up there shortly. So we're pretty bullish on parks.

And film is a hit-driven business. We've had some good ones and some bad ones, but that business had some issues with DVDs and we're very focused on how we can deal with that business, both from a domestic, foreign box DVD side.

So there's a lot of metrics obviously, but I think Steve has assembled a terrific new management team. I think he said last week that he's replaced a number of people and I think that team is gelling really nicely, but all this will boil down to in how are the financial results of the business over the next few years, and we feel pretty good about the progress that NBC's making in seven months of ownership.

<Q>: Great. We will leave it there, Michael. Thanks.

<A – Michael Angelakis – Comcast Corp.>: Okay. Thank you. Good to see you.