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PRESENTATION

Marci Ryvicker - *Wells Fargo Securities - Analyst*

Thanks, everybody. Once again, I'm Marci Ryvicker. I am the equity analyst covering media and cable stocks at Wells Fargo and I am very pleased to introduce our afternoon's keynote speaker, who is Matt Strauss.

He serves as Executive Vice President and General Manager of Video Services for Comcast Cable and in this role Matt has been instrumental in launching Comcast's next-generation video products and services, such as the first cloud-based set-top box. I think we all know it as X1; the nation's first talking guide; and the most robust video-on-demand platform in the business, which me and my kids use every single day since I am a Comcast household, XFINITY on-demand.

So, Matt, when we sat in these chairs -- first of all, thank you for being here. When we set in these chairs last year, the biggest topic had been cord cutting and cord shaving and I think that this topic is clearly still on everyone's mind. But I guess the question today is have you seen the trends here accelerate?

Matt Strauss - *Comcast Corporation - EVP & GM, Video Services, Comcast Cable*

First, thank you, Marci, for having me. I'm really glad to be here. I am not sure I'm the best person who can diagnose the overall pay-TV ecosystem, but clearly within our footprint -- we're just coming off of our best third quarter in video in 10 years. We added 32,000 video subs, which is about 80,000 more than we did year over year, and on a full-year basis it's about 170,000 net positive.

If you remember when I was here year ago, I had mentioned that our strategy and our focus is we were not content in losing fewer video subs year over year. Our mandate, very much from Neil Smit, is to grow and I think we are very much executing on that strategy and on that playbook. But, obviously, the landscape is changing and I think some of the growth that we have seen is because of decisions that we made not three, four, or five months ago, but investments and decisions we made three or four or five years ago. And X1 obviously being one of the biggest.

What we are seeing with X1 is, now that we have about 45% penetration and we are -- based on our run rate, we are forecasting to be a 50% penetration by the end of the year; is that the metrics are very encouraging. That we are going to market with the right types of products for our customers and when we look at things like NPS and customer satisfaction it really indicates that X1 is resonating.

We also look at things like DVR attachment, which is 3 times higher with X1 or pay-per-view revenue, which is trending at about 2x, and just overall video consumption. It's encouraging us that X1 is really resonating and so that is hopeful on the connect side.

But even on the retention piece as well, we have also seen real improvements: 32 months of consecutive year-over-year improvement in retention. So I feel like we're very much firing on all cylinders, which in some ways is not the narrative of what a lot are talking about with cord cutting.

Marci Ryvicker - *Wells Fargo Securities - Analyst*

I feel like maybe Comcast has decoupled itself from the rest of the pay-TV industry. And I don't know that everybody realizes how proactive you guys have been and I think constantly are.



Matt Strauss - Comcast Corporation - EVP & GM, Video Services, Comcast Cable

I think part of it is really understanding the customer and what the customer wants and understanding how people watch television and how they consume video.

Marci Ryvicker - Wells Fargo Securities - Analyst

So how rapidly is consumer behavior changing in video?

Matt Strauss - Comcast Corporation - EVP & GM, Video Services, Comcast Cable

It's changing, of course. It is really interesting because in many ways I think we are living in the golden age of television. I can't imagine a better time to be alive if you love and enjoy television than now. There's just more high-quality television than I think anyone could ever consume.

At the same time we're at this intersection of technology that's available that allows somebody to really watch what they want when they want it and have it be very, very personalized. And that's obviously a perfect marriage where we have almost created content carnivores; people want and are able to enjoy more and more.

But in many ways, we have shaped this. This is not a surprise to us. We have been investing in on-demand now for almost 15 years, so we've seen the trajectory of changing consumer behavior in part with how we've gone to market.

We have always been believers that when you subscribe to cable, you should have the ability to watch what you want when you want it and that has been very much foundational for what you should expect. When you kind of fast-forward that to today, we offer 90,000 choices on demand. The majority of them are free or they're included with your subscription.

And if you look at X1, just come back to X1, what I was saying earlier about close to 90% of our X1 subs are using on-demand every single month. And they are not using it one or two hours a month; they are using it, on average, 25 to 30 hours a month. And when you extrapolate this over the course of a year -- last year we did about 3.1 billion hours of time-shifted viewing. This year our run rate is close to 4 billion, so it's accelerating.

So I think in many ways we are tapping into delivering customers what they want and the quality of the choices has gotten better as well. We now have -- the top 100 Nielsen-rated shows are available on demand. Or stacking, which is certainly something that we have been -- we have been very focused on stacking now for several years.

And you are really identifying one of the biggest bottlenecks in how to increase sampling and grow audience and, ultimately, grow ratings was to really encourage the ecosystem to move away from rolling four or five episodes, which was what was the norm, to stacking. Three or four years ago we had five or six shows stacked; now we have 800. So I think that we have continued to help not only deploy and make the technology better, but also improve the quality and the breadth and depth of content on the on-demand side.

The other piece of it is mobile. Mobile is interesting because I think mobile sometimes is a little bit misunderstood. You can't underestimate that people typically will default to the best screen it's available to them which is usually the television.

The television really still is where most video gets consumed. And we're not talking 50 or 60 hours. We're talking like 150 hours on average. You need to make sure you cater to that first and that's really where X1 has been so instrumental.

But at the same time, you can't be in the video business unless your product is multiplatform. Just it's expected. Ensuring that you give somebody the ability to watch what they want and where they want has also been very fundamental to our strategy.

There's been a lot of discussion I know over the course of several years on TV Everywhere and whether that has been success or whether or not that has never reached its full potential. We don't think of it as TV Everywhere; we just think of it as TV. If you subscribe to XFINITY, our app which is now used by about 50% of our video and high-speed data double-play subs -- we offer you in your home every channel. Not some of the channels, it's every channel and that parity is very important.

When you look at it through that lens, in many ways, we view a TV as just a piece of glass. Anything that could render video securely is a TV, so when you are in your home, we are able to allow our customers to access all of their choices, regardless of the device, and give them their ability to make -- to enjoy the video however they want. And when you are out of your home, we stream over 130 live networks and that is growing. We have more networks that we are going to continue to add.

So in many ways --

Marci Ryvicker - Wells Fargo Securities - Analyst

As long as you are authenticated in.

Matt Strauss - Comcast Corporation - EVP & GM, Video Services, Comcast Cable

As long as you are authenticated, but even that, which was an Achilles' heel four or five years ago, has really not been a major prohibition in getting somebody into the experience because we do things like auto in-home authentication. Authentication is not a consumer-facing term. Authentication to us is just how do we make it easier to securely allow somebody to get access to the video?

We have actually, I think, been able to simplify that significantly. The biggest piece that we are focused on now is actually awareness and just continuing to make sure that our customers realize that they have access to all of this content across these devices. We authenticate, for example, over 20 devices today and it's all included.

So in many ways it's the balance, but I think that what you are seeing is that we have the ability to really go to market in a way where we are continuing to add value, but also ensure that we are getting the right product to the right customer at the right time and do it given the technology and the investments that we have been able to make over the last few years.

Marci Ryvicker - Wells Fargo Securities - Analyst

One of the big topics is virtual MVPDs. We call them not-so-skinny skinny bundles, because if they have 100 channels they are not skinny.

How do you view Comcast's positioning in light of all these things? I know that DirecTV and Hulu has not come out. I think there is a perception among investors that Comcast might have more competition, so how do you think about this?

Matt Strauss - Comcast Corporation - EVP & GM, Video Services, Comcast Cable

Well, we obviously compete with satellite today and we compete with telco and we compete with OTT, so competition is not uncharted territory for us at all. We fully expect that the competition will grow.

I think that when you try to look at a product like what DirecTV now may be. And I don't know for sure exactly what's confirmed or not, but there's still a lot of things that I think are unknown, like what the channels are, whether or not it's going to include all the broadcast or all the affiliates. And that obviously has an impact on market, which markets.



Marci Ryvicker - Wells Fargo Securities - Analyst

I think it won't.

Matt Strauss - Comcast Corporation - EVP & GM, Video Services, Comcast Cable

Whether or not it has a DVR, because 50% of TV households in this country actually subscribe to a DVR. I think there is a lot of elements that ultimately will reveal themselves, but what I think has been confirmed is that it will be limited streams.

That is a very important piece because that, to me, implies -- that is a very targeted, segmented product that they are looking to bring to market, which in many ways is no different than what we do as well. You don't need OTT rights or an OTT service to segment your product or to segment your pricing or to segment your packaging.

So I think that if you look at some of the things that we have in-market today, just to give you -- just to highlight this, we today offer a product called Internet Plus, which for less than \$40 a month you have access to the broadcast networks, premium channel, whether it's HBO, Showtime, or Starz, or soon to be Netflix as an option, and you get high-speed data. Or you could, for example, get our X1 double-play, which for less than \$80 you get 140 channels, you get X1, the voice remote, and you have high-speed data. So I think when you -- I think you can't underestimate the value of the bundle.

And what may ultimately emerge in the market is that when a consumer evaluates a standalone video OTT service and then standalone high-speed data -- because I do believe you are going to need high-speed data to really tap in to the full value of what an average person is going to want to see -- you may end up paying more for less. And I think that that's a real risk.

We are going to continue to execute on our playbook and I think you'll see us launch more products in the market, like Internet Plus, but also products like we do today with campuses. There's almost 60 schools where we are delivering video to schools. And that's not us saying, hey, we're going to install a set-top box into a dorm room, because that's not what students today want. It's our ability to actually go into a school and say download our app and you can now access your video on any -- on your phone anywhere on campus.

So we will continue to be very surgical in how we can go to market. But I don't believe that there's anything that I have seen in the OTT space that I think puts us in any way at a disadvantage or prevents us from continuing to execute on delivering very, very competitive products into the marketplace.

Marci Ryvicker - Wells Fargo Securities - Analyst

We have been asked time and time again why Comcast doesn't have or won't have its own nationwide OTT product.

Matt Strauss - Comcast Corporation - EVP & GM, Video Services, Comcast Cable

OTT is not for the faint of heart, especially a video-only OTT service. When you really try to evaluate the business model, we have not seen one that really gives us confidence that this is a real priority for us.

On the other end of the spectrum, we are continuing to execute, obviously, on X1, like I had mentioned, and on video. But at the same time, if you look at our high-speed data business, we cover I think we're at 43% penetration or 42% or 43% penetration of homes passed with high-speed data. And we are adding 1 million new high-speed data subs every year.

We are also getting into new businesses like home security, which is a multibillion dollar industry, and that is bringing new relationships to us. Almost 100% of our home security subs take multiple products. So when you look at the opportunity, continuing to go deeper in our footprint where I can bundle-in multiple products is just a much higher return and a bigger opportunity.



And it very much speaks fundamentally to our overarching strategy, which is in many ways you want to own the home. And to own the home, I think we are in a much better position and there is significantly more upside and profitability in going deeper and deeper into our base first versus following a video-only offering OTT.

If it turns out that that is an opportunity for us, OTT, there's nothing that would ever preclude us from doing that. It really just comes down to priority and focus and where we really believe it's going to give our investors the most return and the best products and services for our customers.

Marci Ryvicker - Wells Fargo Securities - Analyst

How do you view the overall competitive landscape? I think that there has been this view, at least from the incumbent side, that Comcast had it a little bit easier this year because Verizon was going through a strike and AT&T was integrating DirecTV. And then Dish hasn't paid as much attention to the DBS business; they are paying more attention to Slings. So has Comcast viewed the overall competitive environment easier this year?

Matt Strauss - Comcast Corporation - EVP & GM, Video Services, Comcast Cable

No. That would be nice, but no. We are not interested in playing defense. We want to play offense and we want to play to win. And we have not and will not take our foot off the pedal.

So to the extent there is a perception that the landscape has gotten easier, I haven't noticed that and certainly we are not taking that for granted if it were true. You are going to see us continue to execute on our playbook.

In many ways, video is foundational but at the same time we are continuing to invest in DOCSIS 3.1, which is allowing us to introduce gigabit speeds. We are continuing to invest in our XB6, which is our next-generation router which is going to have 5 times the Wi-Fi coverage, in addition to investing in Wi-Fi hotspots. We've got over 15 million Wi-Fi hotspots.

So whether it's Google or whether it's telco or whether it's OTT, we are not content. In many ways -- and if we are wrong and the landscape isn't as competitive, then we will just be over prepared.

Marci Ryvicker - Wells Fargo Securities - Analyst

Okay, okay. Google Fiber recently announced it was scaling back its deployment. How competitive have they been in the markets that you've seen?

Matt Strauss - Comcast Corporation - EVP & GM, Video Services, Comcast Cable

They have introduced another level of competition into already-competitive markets, so in many ways I think it is comparable to what I said earlier where it's another example of where we are facing more competition. Again, this isn't a surprise to us. I think it is very much anticipated.

It's about continuing to make the investments in all of our products and services to allow us to compete and I think we've been very effective in doing that.

Marci Ryvicker - Wells Fargo Securities - Analyst

Post the third-quarter prints, there was a lot of talk about programming costs at Comcast in particular. I think we've seen some acceleration in the back half of 2016, which presumably could lead into 2017. But then Brian, Mike, and Neil talked about returning to the historical 7% to 8% programming cost growth you had enjoyed over the past decade.

Where the programming investments coming from? Is it timing? Is there any color you can provide?

Matt Strauss - Comcast Corporation - EVP & GM, Video Services, Comcast Cable

In Q3 our programming costs increased about 11%, little less than 11.5%. And that was primarily due to timing and also due to renewals with -- primarily with retrans and sports. On a full-year basis, the growth is a little bit -- about 10%. Going into next year, we do expect that to continue where we are continuing to see increase in programming costs.

When you look past 2017 and 2018, I do think we will see a stabilization back to more of the historical levels and that is really based on some of the deals that we are projecting out into the future. So I think that that ultimately will be -- I think what you said with Neil and with Brian is right; that's absolutely what we expect.

I think there is another dimension to it, which is, as we continue to rollout X1, it's also allowing us to put more choices on to our platform. Choices that are not even necessarily part of the traditional pay-TV ecosystem. I think whenever you put more and more choices onto your platform and continue to grow, it just over time makes you be less reliant on any one provider of content, which is not a bad thing from a distributor standpoint.

We are also getting more sophisticated in how we look at data. Data and understanding the price/value equation of programming and which content is really adding the most value to our subscriptions and to our customers. I think those just continue to help us as we enter in negotiations and how we evaluate programming in the future.

Marci Ryvicker - Wells Fargo Securities - Analyst

I also think people forget that when you talk about programming costs it's P&L and it's not per sub. So if you are actually gaining subs, then your programming costs on your P&L may be a little bit higher than somebody else who is losing subs that may have a higher per sub cost?

Matt Strauss - Comcast Corporation - EVP & GM, Video Services, Comcast Cable

Absolutely right.

Marci Ryvicker - Wells Fargo Securities - Analyst

So you added Netflix to the X1 box. I think it's in beta testing. Can you talk about what led to the decision to add Netflix to X1?

Matt Strauss - Comcast Corporation - EVP & GM, Video Services, Comcast Cable

Actually, we launched Netflix nationally across our entire footprint on Monday, so it's officially live on X1. Netflix is a piece to a much larger vision that we have and it's a vision that you can actually trace back almost seven or eight years that Brian had spoken to at one point, which was this notion of Infinity and our desire to offer more and more choices on our platform.

When you boil that down, really it comes down to being almost like the aggregator of aggregators. You want to have all the choices on your platform and make it really easy and simple for a customer to access it.

I think that the challenge that exists today in the ecosystem is that there's so much fragmentation. And the fragmentation is you are expecting somebody to understand why certain shows are available on certain networks or why you might have to achieve inputs and find it somewhere else.

Ultimately, that shouldn't matter. You want to just be able to offer everything in one place and in some ways just snap it all together for somebody. And if they want to watch their favorite show, give them the ability to easily see every episode from every season in one place.



I think when you look at Netflix, a lot of people externally view Netflix as a competitor to pay-TV and I think in many respects it's arguably a complementary offering to pay-TV. It's supplementing some of the content that wasn't typically part of the traditional pay-TV ecosystem.

So that plus we now have the technical capabilities with X1 to offer internet-delivered services, it just made sense for us to engage; and I think the collaboration so far has been fantastic. If somebody wants to get access to Netflix, we have obviously their app on X1, but we have also been able to index their catalog and integrate it into our broader X1 offering so it works with our voice remote, it's included in the recommendation algorithm. It just makes it easier to surface that content contextually with all of our other choices.

Our employees are excited and I think our customers are going to be really excited and surprised and delighted with the fact that they don't have to fumble with remotes or switch inputs. That they now have access to all of this in one place.

Marci Ryvicker - Wells Fargo Securities - Analyst

I don't know if anyone in here has Comcast and X1 but the voice remote is actually really, really cool.

Can you talk about the biggest value proposition that this brings the customer and what maybe you've learned in terms of consumer behavior through that voice remote?

Matt Strauss - Comcast Corporation - EVP & GM, Video Services, Comcast Cable

Voice is interesting because when you think of video, one of the areas that we are very focused on is we want to increase adoption. We want to increase video consumption.

Video is no different than any other product: the more someone uses it, there's a correlation with retention. So I'm probably like the only block in the neighborhood where I encourage all the kids to watch as much TV as they want because that's a good thing from my point of view.

When you then look at it through the lens of how much friction is it for somebody to find what they want and how do you remove the friction to make it easier, it's almost like a rule of three. You would say somebody should be able to find what they want on the television, or on any platform, within three clicks. When you move to voice, it's one and that immediately allow somebody to quickly find what they want.

We are now pacing at over 10 million voice remotes that have been deployed and we're adding 1 million voice remotes every month. In a given month, we could do 0.25 billion voice commands. And it's interesting to watch, like for the Olympics, for the Rio Olympics, 25% of all of the entry points into the Rio -- what we called the Rio hub on X1 came from voice, which is amazing considering voice didn't exist a couple of years ago.

So we're going to continue to invest in voice and not just voice from the perspective of changing the channel or finding a show, although those are of course important, but voice also is much deeper than that. Voice can be a source of information. Voice ties very much to the broader strategy I talked about, which is this notion of owning the home and how does your voice play into that. I think it's going to be a very important component.

So it's an area that we are very much focused on and continuing to invest and grow.

Marci Ryvicker - Wells Fargo Securities - Analyst

So if I did the math right in my head, you will be 100% penetrated with the voice remote at some point next year?

Matt Strauss - Comcast Corporation - EVP & GM, Video Services, Comcast Cable

That is the goal, that's the goal.



Marci Ryvicker - Wells Fargo Securities - Analyst

Okay. Then what was the consumer response to the Olympics app? And are there other ways for you to utilize this for other things that you have?

Matt Strauss - Comcast Corporation - EVP & GM, Video Services, Comcast Cable

The Olympics is such a special event. It's a special event not only for the country, but it's a special event for our company for obvious reasons, being that it's on NBCUniversal. And it's also an opportunity for us to do things that are different.

In many ways, the Olympics is like a sandbox for us to try different things and see -- test things that ultimately may -- we may want to extrapolate and scale over time. Rio was different because for London it was really about on-demand; make every event available on demand and it was very, very successful. We did over 15 million on-demand streams during the London Olympics. And for Sochi it was about putting the app on X1.

For Rio, we wanted to almost remove all the barriers and blur the lines between what's live, what's on-demand, what's coming over the Internet. These are just choices and we created what we called the Rio hub, which think of it as almost like the ultimate viewers guide.

There were days where there were over 40 simultaneous events that were taking place in Rio and we were streaming them all. Some of them were on NBC, some of them might have been on one of the NBC networks, some of them might have been streaming over the internet, but we presented it in a way that it almost didn't matter. These were all just choices.

And when we looked at the usage, there was a lot of questioning around whether or not this was going to cannibalize ratings or not. What we found was, on X1, the customers who used this Olympics hub on X1 we actually saw a lift in primetime ratings of about 27% versus the rest of the country. So in some ways, it was counterintuitive because people who used it were watching more but they also had a much higher propensity to tune into the primetime show.

And I think in many ways there is a parallel to what we said earlier with stacking. When you provide more choices and allow more people to get into a set of content, they have a much higher propensity to want to consume more of it. And we found that with this Rio hub.

And it was also a way for us to demonstrate that we now have these abilities to stream live television over the internet, but do it in a way that is very high quality and --.

Marci Ryvicker - Wells Fargo Securities - Analyst

Is it very important?

Matt Strauss - Comcast Corporation - EVP & GM, Video Services, Comcast Cable

Which is a very important piece, because the thing that you obviously have to be very conscious of is that when you start looking at the internet -- and this speaks a little bit to what we were discussing with OTT -- is you can't underestimate the importance of video quality. Video quality -- when somebody turns on the television, they just expect it to work. It's a little bit like electricity or oxygen, like you don't notice it unless it's not there.

And with the TV, if it's not working right, there's a very low tolerance for it. When you start delivering video over the internet, especially transitioning from on-demand to live or even at a higher bit rate like high-definition over the internet, there's so many variables that go into that, whether it's your Wi-Fi router, your broadband speed, how the video was encoded, I think that for us it was a great proof point that we have the technical implementation to do it.

But I do think, more broadly speaking, as more content is made available from an over-the-top standpoint that will be an interesting area that is going to have to ultimately get to the right water level to hit the quality that I think people are going to come to expect when you're parting money for a subscription video service.

Marci Ryvicker - Wells Fargo Securities - Analyst

I think you've leased the X1 to Shaw and Cox, so I guess the first question is has that been pretty seamless? I would assume so. And then the second would be is this something that you could and would do industry wide?

Matt Strauss - Comcast Corporation - EVP & GM, Video Services, Comcast Cable

We've been very pleased with the rollout to date. Cox has rolled out X1 across their footprint. Shaw has rolled out our app, the XFINITY up, the app I had spoken about earlier, and they are planning to roll out X1 later this year. So we -- for us, I would say it's less of a material financial driver to do syndication of X1, but there are benefits that come along with it.

The benefits for us is it gives us more scale. It allows us to have more R&D. It provides more exposure to X1 outside of our footprint and it also opens the door for potential future opportunities, whether it's advertising across a broader footprint or data or even something like electronic sell-through, which we launched a couple of years ago and has been a growing segment for us, where we are being very competitive and competing with some national digital players on our platform.

We could light that up as part of X1 for some of these partners, so I think that there is a lot of upside there that encourages us that we want to keep investing in it. We are very open to making it available to more distributors and we have had some interest from some of the smaller distributors who are evaluating possibly syndicating X1 to their subs as well.

Marci Ryvicker - Wells Fargo Securities - Analyst

Got it. One of the big focuses of Wall Street has been on the set-top box and the fact that it feels like we're moving away from the set-top box and going to an all IP-based world. So what happens to X1 in that situation?

Matt Strauss - Comcast Corporation - EVP & GM, Video Services, Comcast Cable

You know, I think in many ways there is evidence of it today. Obviously X1 is an IP-based platform, but if you look at some of the products that we are deploying on our cloud-based infrastructure, we've been deploying cloud DVR. So cloud DVR is now fully deployed across our entire footprint and that has allowed us to transition recordings in a local hard drive into the cloud, which unlocks a lot of benefits, like allowing somebody to stream or download their DVR recordings across devices.

We have -- we are rolling out our Xi5 set-top box, which is a wireless set-top box. It's also HDR capable and our next version will be HDR 4K capable. We are continuing to invest, as I mentioned, in DOCSIS 3.1, which is allowing us to increase more speeds.

I think a lot of these products and services that we are starting to rollout now just become more scalable as you transition more and more to a full IP base. So we are very comfortable at the pace that we are moving in, but obviously as we continue down this path I think you will see us launch more and more products and services that are able to leverage this kind of an IP-based infrastructure.

Marci Ryvicker - Wells Fargo Securities - Analyst

We only have about two minutes left so I'm going to ask you a pretty broad question. What's next for X1?

Matt Strauss - Comcast Corporation - EVP & GM, Video Services, Comcast Cable

I get asked this question a lot. X1, in many ways, you will see us continue to innovate where there is an opportunity for us to add more and more services on to X1 that are not necessarily part of the traditional cable ecosystem. Netflix was one. We are delivering web video onto X1 as well and I think that that is something that we are interested in continuing to explore.

When you asked me earlier about the Olympics, one of the things about the Olympics was it allowed us to create these enhanced experiences, companion experiences. So you could be watching the Olympics but then you were able to get all this additional information and it was interactive. I think that there is an opportunity to extrapolate that to movies and TV shows and to almost give programmers real estate that they didn't have before to rethink what it means to be a network and give them the opportunities to almost breathe new life into some of the things that they are doing.

But when I really think about the future, video is a piece of it but it's actually bigger than video. The parallel that I think of is I look at something like my phone. I probably look at my phone hundreds of times a day and I've now gotten to the point where I never turn my phone off. It's the first thing I look at in the morning and it's the last thing I look at at night, and it's probably the most personal device any of us have.

Part of it is because it's always giving you value. It's always providing you some value and that's why I think more and more people are inherently moving towards that.

When I look at the TV, it's almost like it's stuck in time. It's the opposite. I turn on the TV when I want to watch it and, by the way, it's on the channel that it was last on, even though that's not necessarily even a channel I care about, and then I turn it off when I'm done. The reason we do that is because it's no longer providing value.

Now if you flip that paradigm and say, don't think of it as a TV, think of it as a display and it's the largest display in your home. If you aspire to say I never want you to turn off that display, then you start to get an insight into how we think of X1. Because you quickly realize that video is foundational, but you need to introduce other products and services in the home in order to deliver enough value where somebody will never want to turn off their television.

In many ways I think that is the end-state that we want to get to is to create those types of experiences and really introduce a new paradigm to what it means to deliver and own these different services for our customers in the home.

Marci Ryvicker - Wells Fargo Securities - Analyst

Well, thank you so much for joining us and thank you, everyone.

Matt Strauss - Comcast Corporation - EVP & GM, Video Services, Comcast Cable

Thank you, pleasure.



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