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CMCSA - Comcast Corp at Morgan Stanley Technology, Media & Telecom Conference

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PRESENTATION

Ben Swinburne *- Morgan Stanley - Analyst*

All right well why don't we get started? Good afternoon, everybody. Thanks for joining us. I am Ben Swinburne, Morgan Stanley's Media and Cable Analyst, and to help set the mood, I'll read a disclosure. Please note that important disclosures, including my personal holdings disclosures and Morgan Stanley disclosures all appear as a handout available on the Morgan Stanley -- in the registration area and on the Morgan Stanley public website and we're really excited to welcome back to the Conference again to my left, Brian Roberts.

Brian is the Chief Executive Officer of Comcast Corporation, who is here to present as our next keynote speaker. Comcast, in case you aren't aware, is one of the largest pay TV providers in the US, 23 million video subscribers and the nation's largest internet service provider with 25 million broadband subscribers. Additionally, Comcast is the sole owner of NBCUniversal, one of the world's leading media and entertainment companies. Brian, thanks for coming back.

Brian Roberts *- Comcast Corporation - Chairman & CEO*

Great to be here, great room.

Ben Swinburne *- Morgan Stanley - Analyst*

Thank you. So maybe we just start off with some high level questions, you guys just wrapped up a really successful 2016, both for the cable business and for NBC. What are your priorities as you look at 2017? What are you most focused on? What different parts of the business gets you most excited?

Brian Roberts *- Comcast Corporation - Chairman & CEO*

Well, 2016 was a really good year. We had the best video in 10 years, the best broadband in 9 years so a lot of positive momentum around the products, the offerings and the customer experience so we've got a wonderful team of people who have been doing it a long time, I think with real momentum. I'm sure we'll dig into some of the specific products with -- on the video side and on our broadband but I couldn't be really happier with the results.

We found a great balance between driving financial performance, cash flow growth, free cash flow, investment in innovation in new products and I think it's all sort of working. I think we're in a somewhat unique position with both the revenue and the cash flow growth that we saw last year, as well as the subscriber results. So we want to keep that going in 2017 and we're excited as we kick off the year to continue that momentum.

Over at NBCUniversal we bought the Company. When we first had interest in the Company we've more than doubled the cash flow in the 6 years that we've owned the Company. I think we've been the fastest growing media Company for those 6 years across the board of the major companies. If you start with the film business, all the big franchises from the most of the big franchises from 2015 are back in 2017. Fast and Furious is coming up. We just had a number one movie over the weekend with Get Out, a big surprise hit, and we've got a really great slate, Despicable Me 3 and so real positive results in the film studio.

In television it's kind of an extraordinary moment. If you take the morning with The Today Show, if you take the Nightly News, If you take Meet The Press, if you take Late Night With Tonight Show, Seth Myers and SNL; if you take the number one series on television, which is now This Is Us, just past Big Bang, when you look at L3 and L7, that's a first and you take a number one show on television, Sunday Night Football, all of those are with NBC, first time that's happened in a decade that someone has been first place in all those day parts and that was NBC 10 years ago. We were in fourth place when we took over the Company so Steve Burke, Bob Greenblatt, Mark Lazarus, tremendous achievement across the team at NBC.

And Theme Parks, we're going -- we're expecting a big year. We open maybe the best waterpark in the world in Orlando, Volcano Bay, in a couple months. We're also opening a Tonight Show ride around New York, which is really fun. We're investing in Japan and in China. We've used this to be a global platform for us and when we bought NBCUniversal we had about $400 million of cash flow and over $2 billion in Theme Park cash flow last year so fastest growing part of the Company did not see that. Once we recognized it, we've really tried to make it a priority and so it could keep going in other parts of the business but really feeling great as we kick off 2017, a lot going on and feel positive about the direction of the Company.

Ben Swinburne - *Morgan Stanley - Analyst*

Right, that's a great start. Then if we focus in a bit on the video business, which is a dynamic business. We just had Ruth Porat speak before you did talking about YouTube and all the changes there. How do you view the video landscape for Comcast, particularly around new streaming competitors coming into the market? How is Comcast positioned to take share in video or continue taking share and also leverage all these changes happening on OTT and IP delivery?

Brian Roberts - *Comcast Corporation - Chairman & CEO*

Well, first of all, companies that we work with are also going to make their own competitive offerings. That's the world we live in. The environment is changing all the time so our strategy is, first of all, to try to hit all the segments, the key segments, whether that's kids in college campuses. We have a fabulous college streaming product where you don't need a cable set-top box. Some light packages up with a limit to how many we can do that and try to upsell customers from there and all of those things combined with our X1 and X1 has been a game changer for us and it is -- we're an aggregator of aggregators.

So maybe if I might good time to do a quick demo. We announced YouTube so I thought we would show it and if this works, basically pull it up. You're watching television so it happens to be This is Us, nice advertisement for the fact that they just achieved that number one status. So you pull up the Guide or the X1 interface. We're now at 50% of all of our cable customers have X1 but we've said we hope to go over 60% this year and growing. We have 13 million voice remotes. We're changing the way people interface with television after all these years. One analyst came up to me and said my 5-year old uses the voice remote and then we go to grandma's house and they're still talking to the remote and grandma is not in a Comcast territory and it's--

So another generation is going to interface with television different than we all did growing up and that's part of it. So here we're at this and of course we've been from the Olympics to other content we've been using X1 to just change your whole experience and merge streaming and traditional television and On Demand. So if I were to just say find Stranger Things, with our partnership with Netflix it will take you right to Netflix. You go to the episode guide; you click it; you say okay that's what I want to watch, episode one.

And now I am watching Stranger Things. And so we launched this a little over 90 days ago and in that short period of time we have now 30%, over 30% of all our X1 customers are regularly using Netflix this way. That's an incredibly quick take rate for something we barely have advertised and it's stable and working and people love it. In fact, in January our On Demand Netflix and every other On Demand is up, the best January we ever had, 35% growth in On Demand usage year-over-year.

So the mix of just being able to get to your Netflix easier, we're obviously also upselling some Netflix and we're taking advantage of that relationship. So we said to ourself what next? So you just had Ruth here, YouTube literally has -- I don't know -- billions of choices and so we -- the first thing we announced today that this is the next thing we're launching. You go to the app section. You click it. You'll see there was Netflix; now here is YouTube and this is their traditional user interface, not our interface. Most people don't use this because it's not really designed for television and most of

YouTube is like in the 90s I think or I don't know exactly. Their consumption is on something other than a television. So what you're in are us. Table stakes is create an app but what I think is completely different is using voice and having it be integrated so find The Voice.

So of course the Voice is number one reality show, as I said. It happens to premier tonight, season 12 by the way, a great episode with the blind auditions has already gotten a lot of buzz. But what you'll notice, so I could record that if it was on live right now. I could tune to it. But on the row below is here's The Voice on YouTube. From that same Voice search we now have lots of curated, just automatically happened Voice episodes. Here's a Valentine's Day stunt they did to promote more viewership on the upcoming new season and this was a YouTube video, boom here it is. Now, that's one way to search.

Another would be I knew I wanted The Voice. Now I don't know what I want to watch so I say find cooking shows. So again, here's the best of Television. This is our recommendation engine or metadata, our whole couple thousand people who have been working on this innovation for a decade to give us what we think is the premier experience in the world on interfacing with all of this content, here's the best shows whether it's top chef or cake wars or whatever. Drop down, here's the same kind of choices on YouTube. We come over; here's Gordon Ramsey giving a cooking class. Boom, we're now on the internet watching that.

And the one that I think is pretty cool is you've heard about a viral video, in this case Buzz Feed. Took a watermelon, people put rubber bands on it, million people watched it explode. You hear about it, you've never really seen it. 10 million people virally watch that video, not live, and if you just say despite all the millions, hundreds of millions, literally billions of choices of YouTube. If you go, find Buzz Feed's exploding watermelon on YouTube, which is the key, anything on YouTube. If you add on YouTube, we will go right there and that fast we click that and for those that never saw it, here was the great achievement, boom.

So all in a few seconds you're going from Stranger Things, This Is Us, Exploding Watermelons, I think that's sort of our vision of how to keep innovating and we'll keep being that aggregator of aggregators.

Ben Swinburne - *Morgan Stanley - Analyst*

And that's the number on watermelon explosion on YouTube I believe.

Brian Roberts - *Comcast Corporation - Chairman & CEO*

The whole thing apparently was it going in or was it coming out? And, as you saw, it went out, logical.

Ben Swinburne - *Morgan Stanley - Analyst*

It's interesting, your comment on On Demand.

Brian Roberts - *Comcast Corporation - Chairman & CEO*

If there was thought to that exercise, I don't know.

Ben Swinburne - *Morgan Stanley - Analyst*

It suggests that rather than be cannibalizing other On Demand usage, it's actually driving usage of that service generally.

Brian Roberts - *Comcast Corporation - Chairman & CEO*

So our strategy is to get most of our customers in a bundle and in that bundle it delivers great value and every time people take one more product they churn less. Each of the last couple years every one of our categories, churn has gone down and so if you look at each piece part and say is that a good or bad thing? Is that making value? What is the strategic implication? I think you get too caught up in it and we've now completely pivoted to a couple key principles, one of which is we're going to give the customer the best interface and we're going to do it with the content they want and if some of that content at times is competitive or not, it's there's only one -- come to us -- there's one-stop shopping.

And we're going to take that same energy and that same technological capability and those engineers that we're building here in San Francisco as well as in Philadelphia as well as in Denver and elsewhere, Seattle and Austin and Northern Virginia, wherever they come from we have found a way under our technology leadership of Tony Werner to take that now and try to take that same X1 innovation, bring it to other products and video and also bring it to broadband. We don't talk enough about that. We actually lead our earnings results by saying here's how many broadband customers.

Last year we went up 1.4 million. If you added up all the phone companies combined, we're way more than that. I think if you took the entire industry, we're more than that so other than ourselves. So how do we continue to message to our consumers that we're going to make your WiFi better, that we're going to make your home smarter, that we're going to give you better app that lets you manage your home and you're going to see a lot of that X1 innovation coming to broadband.

The same is true for our service, whether the app -- the goal this year is you never have to call us again. Every single iteration with the Company can be done on a smartphone. I think that's catching up and hopefully leapfrogging ahead to where many other people in the market are, not in our space, so if you want to talk to your tech, if you want to reboot your box, want to pay your bill, if you want to check your bill, if you want to rate the person at your house, you want to know how soon they're going to get there, you just want to do texting or live chat, all of our digital team is working on that.

And then finally, we hope to launch a wireless product this year that allows people to get more value, more stickiness and I'm sure you'll ask a little about that so I'll just wait but again, we imagine a relationship with your home and now with your person with our Company that is very different than it was just 5 years ago.

Ben Swinburne - *Morgan Stanley - Analyst*

And we're definitely going to get to wireless and other topics. I wanted to first just come back. There's been a long debate running in the industry for many years about content and distribution, whether they make sense together, whether there are dis-synergies from regulatory constraints. I think everybody would agree you have created a tremendous amount of value with NBC from when you bought it to today but talk about the opportunity to create value, having both businesses, NBC and Comcast inside the same Company and what's left ahead of us to continue to drive that value?

Brian Roberts - *Comcast Corporation - Chairman & CEO*

Well, I think there's no question, at least in my mind, that it's worked and that we have a very special Company, whether that's recruiting people, whether that's creating products we partner better together and we innovation faster. A couple examples, take the Olympics. During the Olympics there were 40 live streams and something, 10 or 11, 12 live TV channels. They were all on X1. They were all helping NBC.

I don't think it's a coincidence that we're number one in all those things I just mentioned, that our movies have had a tremendous turnaround and I think we're one of the most successful movie production companies. Well, when we launched Jurassic World the dinosaurs were popping up on the Golf Channel promoting the upcoming movie and USA was running every Jurassic movie that had previously aired on our Cable Networks combined with specials on NBC.

So if you can manage the Company this way, I think it's great to have all these parts. If it's -- I don't see any scenario of negative synergy and I think we're better together.

Ben Swinburne - *Morgan Stanley - Analyst*

And your consent to create is you're sort of coming down the home stretch there.

Brian Roberts - *Comcast Corporation - Chairman & CEO*

Yes.

Ben Swinburne - *Morgan Stanley - Analyst*

From regulatory perspective. So let's move then to wireless convergence is another huge debate going on in the sector today. We've seen a lot of fixed and mobile combinations in Europe, less so here. You have some plans around for later this year. Talk about those plans, the strategy and what should investors and shareholders be expecting around your wireless plans?

Brian Roberts - *Comcast Corporation - Chairman & CEO*

Well, we constantly get asked that question. I think action should speak louder than words so we can't talk about it. As you know, we're participating in the auction and so what we can talk about is the wireless offering that we've said we're going to launch later this year. We have an MVNO relationship with Verizon and we also have one with Sprint. The Verizon deal we are excited to get launched with and our goal is very simple, to create sort of three pillars as we experiment this year and really try to get to scale by 2018.

First is a guiding principle is we want to make money net present value positive on our wireless offering. It's a standalone product. We have to get to some minimum scale to reach that. We believe in all of the offerings that we're going to have we will be able to achieve that goal, that our agreements provide us a platform to not only have the best products in perpetuity and whatever they technologically become but also in a manner that allows us to make that statement true. We'll see if we can do it.

Second guiding principle is that we want to lower churn. We want to by having this product it has to bring value to the consumer so consistent with number one, number two is that the product itself is going to save you money for most customers, majority or vast majority of customers like taking our bundle. It's only available in a bundle. It's only available in our footprint. It's part of the plan but that, it's going to afford you a benefit.

And the third is we're going to sell more products not including wireless like broadband as a result of this offering and if we can do those three things, it will be a great complement to the Company.

Ben Swinburne - *Morgan Stanley - Analyst*

Great. One more sort of higher level question and then we'll dive into the businesses in a little more detail, a year ago when you were here we talked about the regulatory environment and to say it was challenging would be maybe an understatement but a lot has changed in a year. The new FCC Chairman has already sort of made some comments and pointed a little bit in certain directions around some of the initiatives that were in place last year and have weighed on the sector. Can you spend a little bit of time just talking about how you view the regulatory outlook today, particular as it relates to your broadband business which is where a lot of the focus has been?

Brian Roberts - *Comcast Corporation - Chairman & CEO*

Yes I think we're very encouraged that our sector and a lot of other sectors are going to have less regulation and that hopefully in a very thoughtful long-term sustainable way and by that I mean we're not against any kind of net neutrality. We've been for an open internet net neutrality. What we weren't for was an over arching anti-investment big regulatory framework called Title Two which gave sort of unlimited authority to the government to change the nature of our business that we would have invested under one assumption and reality been another.

So to the extent that that can get repealed while giving some assurance to customers and to regulators and to both sides of this debate that nothing is actually going to change but you take this anti-investment potential off the table. That would be a great outcome. We also saw an action that as the privacy debate continues to unfold in this country and around the world, which is a very important debate, you shouldn't pick winners and losers as a government or put different rules on different industries so if whatever you do to Google and Facebook, it maybe is the same to do to AT&T and Comcast.

But to just pick ISPs and say they have different privacy standards than everybody else doesn't seem ripe for that kind of investment and stability and frankly fairness so we're very encouraged that it's a -- with the changes in this regard we also see tax reform. We're a very full taxpayer, as a Company. We do most of our business in the US. Almost all the various versions of things being talked about would allow us to go out and we're huge capital spend, whether it's Theme Parks or cable boxes or routers or broadband modems, WiFi, things that encourage investment and find ways to make those tradeoffs, we're hopeful.

Ben Swinburne - *Morgan Stanley - Analyst*

Great. Okay let's move into the cable business. We talked a little bit about 2016 being a very strong year. If you look at your customers metrics in particular, great year in video growing this 1.4 million new broadband customers. What's driving this success and how do you keep it going into the future?

Brian Roberts - *Comcast Corporation - Chairman & CEO*

Well, you're going to see pockets of competition and you'll see lumpiness in different seasons but if your product is better than your competition in the fullness of time I think that's how you win and we haven't always been in a position where I could say those words but right now I think X1, with a little bit of what you've seen for those who live here and have had a chance to play with it or have it. I think every year we're getting further and further ahead of the competition but we can't rest and but then we also need to show up on time. We need to have it be reliable. We need to fix it when it breaks and the whole execution in our team, Dave Watson, Neil Smit doing a great job of reimagining the Company and making customer service our best product. That's the internal employees buzzword for the job we've set about for ourselves.

In the broadband space we've increased speed 14 times in 12 years. Our WiFi router that we've announced the XB6 is the fastest in-home WiFi in the world with all -- we're getting ready for a day when you have a smart music system, smart refrigerator, smart devices and they all just work and that hopefully the bits per home continue to rise and the person, company with the best network defined as wired and wireless will have a real advantage doing business with customers in the future and so we're investing in that.

And so for instance, if your printer isn't doing great things and it's wireless, how do you figure out what the problem is? Can we help you diagnose that problem with a smart internet? Can an app pop up and say your WiFi is not strong right at that location. Here are three different ways to fix it. Here is another way to increase it. Who is going to figure that out for most consumers and make it easy? We've set about to say that's just like X1, we had 100,000 choices on demand. How can I find them? And so I think it's staying focused on execution, having better products and making the investments as necessary and being the best value in the market.

Ben Swinburne - *Morgan Stanley - Analyst*

And one of the big topics at the Conference as we look out over the next 6 to 12 months is the potential emergence of more and more streaming video competitors to Comcast, these so called virtual MVPDs. Some of them have been in the market for a while, Dish Sling, Sony View and they've kind of had a limited success. How do you think about those services? Do you look at them taking share from incumbents like yourself? Do you think they grow the entire ecosystem and why do you think they haven't been successful so far?

Brian Roberts - *Comcast Corporation - Chairman & CEO*

Well, first thing is the notion that you're just going to just buy any channel haphazardly. We always thought it would not be in the interests of the content provider, that it wasn't going to get lower rates to consumers if there's a benefit to the packaging. The advertising model subsidizes and whatever changes are going to happen more gradually and more evolutionary than some of the prognostication. And I think that's been true. There is certainly a large segment, not huge but real, that do not subscribe to any video in a traditional sense and there's a market opportunity for some of these services.

And then there's the NBCUniversal side where we're selling content to every one of those companies and there's the broadband side of our Company that's taking advantage of the broadband. So my job, I believe, is to get our Company and on behalf of the shareholders in a position where we're pro consumer. We're not playing defense and we're not trying to stand in the way of progress and I think we've pretty well at the moment have that because if some people don't want our video product, that's okay but we're going to keep trying to make it more and more compelling for you to want to have it but our broadband product has to be great and over at NBCUniversal one of the fastest growth line items is SVOD and OTT.

Ben Swinburne - *Morgan Stanley - Analyst*

Right.

Brian Roberts - *Comcast Corporation - Chairman & CEO*

And so that's part of the benefit of us being one Company as well.

Ben Swinburne - *Morgan Stanley - Analyst*

Got it, makes sense. Another business in the cable segment is business services, which has now become a large business for you. Neil mentioned on the call I think that you expect double-digit growth for the next several years. How do you keep driving that growth now that this business has really scaled up pretty nicely?

Brian Roberts - *Comcast Corporation - Chairman & CEO*

Great question. $5.5 billion run rate business from zero with a higher margin than cable, one of the nice things is video, we've been talking about it. Clearly margins have been pretty stable but they are at this level. Broadband came along even higher. Business services is better than video and in some cases the fastest growing business we have.

We're in three segments. We're in the small/medium business, the small entrepreneurs and less than 20 lines. We're in the low 20s penetration I think companywide, maybe not quite even there, a lot of growth left. 80% of the people don't take our product and by and large these are customers where they're very important customers to us, much more than our residential customer. We can give better service, SLAs, other things to improve their business.

Medium sized business we started later so an even lower penetration. We are now beginning to get real traction there and then there's the enterprise market where we just sort of got started. Last week we signed up a fast food operation. I think it was 5,000 locations. It was some huge number that we'll be doing broadband, perhaps WiFi and other things at all those locations or with other cable partners where if it's out of our footprint, they'll fulfill the order. So you have a better product, a modern product anyway and in many cases a better product. You've got a starved business community to keep using that data capability for their businesses. You're in the sweet spot of growth and not too many people competing in that market and the incumbent will go one direction and the challenger will go the other.

Ben Swinburne - *Morgan Stanley - Analyst*

Great, why don't we shift over to the NBC side of the Company? One of the big areas of opportunity remains the broadcast segment, the network and the station group. What's the strategy there to keep driving EBITDA, growth, revenue growth and how do you balance the need to spend on content particularly expensive things like sports? We were talking to Les earlier on the stage about Thursday night football, etcetera. How do balance content investments with the revenue opportunity to make sure you continue to grow that business in margin spends?

Brian Roberts - *Comcast Corporation - Chairman & CEO*

I think we've -- we started again because of being in last place when we took over NBC. There was something Steve Burke dubbed the Entitlement Gap meaning if you had a million eyeballs watching an NBC show and the same million eyeballs watching a CBS show. CBS was getting 20%, 15% to 25% more advertising dollars per eyeball than NBC for the same number of eyeballs and you kind of go, well how is that possible? And the answer is well they were -- had a bigger platform and they were able to command that premium in the market. Fast forward 6 years we have closed that gap substantially by having flipped into first place and if you want to buy the Olympics and you want to buy Sunday Night Football and you want to buy Thursday Night Football you also have to buy some other things and we've been able to have a very, I think, the fastest up front of the big four each of the last several years.

Second, with affiliate fees, again retrans, we bought the company. It was at zero. CBS has more retrans fees I think than anybody and NBC was $800 million last year. I think we said we'd be $1.4 billion or so this year. That's a really fast growing line item, not so great for cable operating part but again part of one company helps us look at it with a longer-term view.

I know our sports properties, we haven't really changed that profile too much. It was nice that the NFL wanted us to participate in Thursday Night. We're happy and pleased with that relationship and the Olympics we have locked up for 2032 and there's a big night strategy. I think we have 25 of the top 35 or so big nights. I don't have the exact statistics, more than any other network and more than several combined and that's what advertisers really want so our costs, we're not out making more. We'll make less new pilots this year than any year since we've owned the Company because our shows are returning like This Is Us or Blindspot or The Voice and many other shows and we're getting more monetization from both distributors and from advertising.

Ben Swinburne - *Morgan Stanley - Analyst*

Great and on the film side of the house you've talked about some of the big franchises you have this year so it's a big year for sequels at Universal. What are your expectations for 2017 and how has your strategy changed? How is visibility and that typically difficult to predict business? And I would love any comment on how the DreamWorks acquisition, which you recently closed, fits into the strategy.

Brian Roberts - *Comcast Corporation - Chairman & CEO*

Well, when we first got there film had a couple really rocky years and those of you who follow the film industry, that's gone into being natural but I think our team, Jeff Shell, Donna Langley, Ron Meyer, we have a great team, a lot of stability now and we have a strategy that's sort of like a portfolio. It's never exactly this way and we take certain prudent bets. We have a certain dollar amount committed in our minds to new productions and we're hoping what seems to be commercially successful or kind of two strategies.

One is franchises of which when we got there there were just a couple. Now we have 8 or 9 really good franchises. As I mentioned, we had 50 Shades already. Fast is back. Despicable Me 3 is back. We're working on Pets Two. You'll see from a number of our Jurassic World is about to be -- go into a filming for its next version.

Those are really pretty good bets. And then is animation and we, between signing and closing Despicable Me came out and Steve, myself and at the time Peter Chernin talked to Chris Meledandri and it was the first movie he had made for Universal so we can't take credit and it was the most successful animated film they ever had. And off of that relationship where we've now invested with Chris and renewed and extended that partnership for many, many, many years. We have found an accelerated through the symphony efforts every one of his movies at a level that I think is unprecedented marketing with the power of the whole Company and so this year -- or last year he had the two biggest original films even than Disney in of the year The Secret Life of Pets and Sing. This year is DM3, a couple more next year.

So we looked at DreamWorks and said well, how can we accelerate this aspect using his talents, the teamwork, team at DreamWorks and the Universal team? And unfortunately it takes you like four years to make an animated film so there's not going to be a quick answer to that question. We ran all the numbers. We said we would be on in our minds. They have a TV business. There's other parts of DreamWorks but those characters in our Theme Parks, television specials, consumer products. We got there. There was no consumer products business. That's a huge growth for us, video games, the minions, rushes a huge success. That's how it all works and that's why DreamWorks fits as well as it does.

Ben Swinburne - *Morgan Stanley - Analyst*

Makes sense. You mentioned before the growth in films since you bought NBC. Parks has been in the business that really has kind of transformed itself over your tenure with the asset. Can you talk about what's driving that growth, why you continue to be so bullish on the outlook for Parks, both in the US and internationally?

Brian Roberts - *Comcast Corporation - Chairman & CEO*

Overly simplistic answer, there's a 20/80 phenomenon. Those are not the exact numbers but in Orlando Universal's 20, Disney's 80. Universal is a smaller footprint with a fabulous management team that had not been turned loose to go innovate. Harry Potter came out and they got the first big pop so we said well, let's look for other things. The Hogwart's Express, let's build more hotels. They had 1,800 hotel rooms I think when we got there. We'll try to get to 10,000 over next few years. You stay at a hotel, you go to the Theme Park one extra day, you then get whole different payback on that investment in the rides.

The actual product that we've been putting out, whether it's King Kong or Fast and Furious or the partnership with Nintendo a few years down the road, led us to buy the Osaka, 51% of Osaka, and hopefully more investment in the future globally including in Beijing where we're going to build the biggest park imaginable for Universal just a few years ago. We've had just better, better, better and so I am sure these things don't go forever and we can scale it back if there's a change but right now we're taking more market share where the pie is growing and in this economy that we've had at our back, it seems like a great time to invest and reap that return and all of these projects we have a great financial team, appear to be super IRRs and payback for the Company and a diversified new revenue for NBCUniversal now that it's over $2 billion of EBITDA.

Ben Swinburne - *Morgan Stanley - Analyst*

Great. And on the one, the last business I wanted to talk about NBC is the Cable Networks business, which I think was probably growing the fastest when you bought the business. Admittedly that business has slowed for everyone in the industry. You're dealing with some ratings challenges, some subscriber losses. How do you see the Cable Network business evolving over the next several years and going back to these streaming entrants? They could potentially be a positive. Do you see that opportunity?

Brian Roberts - *Comcast Corporation - Chairman & CEO*

I think that's the thing that's the positive here, SVOD and streaming which have scary implications to some parts of the business, really positive implications other parts of the business and our view was that scale mattered. So when we just owned E and Golf Channel and Comcast Sports Net it wasn't enough but now we have MSNBC, CNBC, USA, Sci-Fi, Bravo. That's a hell of a footprint and both to distributors, to OTT and to advertisers and so it's still very much a growth business but it's a slower growth, single-digits. Ratings have come down with all the competition but now it's a worldwide to make your own shows and so you're right. If as we rack it all up, we thought that would be faster growing. We didn't count on Theme Parks at all.

Broadcast had no retrans fees when we got there and film was not with the momentum it has now so put it together. Telemundo is another asset we haven't talked about. When we bought Telemundo it was sort of 80/20 and now it's basically 50/50 with its competitor, an extraordinary group of folks in Miami that are -- have figured out something that's really working and then we have World Cup coming to Telemundo in a year and should be just a catalyst for growth there. We have very, very little cash flow out of Telemundo. We see a real opportunity so we think a lot of good things have happened at NBCUniversal, not all perfect but by no means are we anywhere near the end of a very successful ability to grow and I think that will be positive for Comcast here for years to come.

Ben Swinburne - *Morgan Stanley - Analyst*

For sure. Let's end on sort of capital allocation and return of capital and M&A. I know we're in the auction so we're limited in terms of the wireless side of the equation but I want to just ask you about your MVNO relationship. You made an interesting comment on the earnings call, Brian, about I think you said you're hopeful that the MVNO will be the end state for your wireless business. Could you just elaborate on your confidence with that agreement and do you see any other areas of M&A opportunity for the Company? Maybe it's internationally where you might want to deploy more capital.

Brian Roberts - *Comcast Corporation - Chairman & CEO*

Well, we have the balance sheet is very healthy. Our first priority is to put the capital, whether it's Theme Parks or cable boxes or cable modems or fiber optics or WiFi, make sure these products X1 integrating and we're doing that but capital as a percentage of revenue pretty constant and over time we've seen it go in different spots. We've been in a pretty capital intensive year of getting these X1 boxes out. We're hopeful over time to see that allow for us to think beyond the just here and now. We've upped the dividend 15% this year and we announced that we intend to buy $5 billion of stock back this year.

So I think we're returning a large amount of capital to shareholders while minding the store and innovating. That then says okay was there anything that you think you need to buy? Answer is we don't think so. There was a time when we needed scale and video. We wanted scale and this emerging broadband business and we needed scale in cable channels and content so you have to reassess that question all the time but we bought Spectrum in an auction a couple of auctions ago for $2 billion. We sold it for $3 billion and we got a wonderful agreement that we hope can be a business to achieve our objectives.

We have more WiFi than anybody in the country. An interesting just fact is something like 75% of all the bits that go over wireless go over WiFi so really WiFi first, cellular is the backup to WiFi, not the other way around, which is -- and our WiFi continues in our customers relationships to get more and more valuable and we see that in the consumer research we do so we have a lot of assets to think about how to deploy but right now steady as she goes and we don't -- we'll look at international and we will invest in content in DreamWorks and Theme Parks and things of that nature but we also have had a good track record I think over time.

We bought AT&T Broadband. We bought NBC, didn't buy Disney and we didn't buy Time Warner Cable but all four of those assets were at a relatively lower value than they traded several years later and what can't be lost is hopefully financial discipline on whatever you do if it's strategically right or not, the goal is what you do every day, buy low. We don't sell high but we buy low to keep high.

Ben Swinburne - *Morgan Stanley - Analyst*

You try.

Brian Roberts - *Comcast Corporation - Chairman & CEO*

So we put Mike Angelakis and his new enterprise at Atairos and they're out looking for a good value and put some money to work with a really smart management team there and then we have Comcast Ventures and out here in San Francisco where we're working with startups trying to see, get a view of the future, and not only get a nice return on our investment but get a real view of the incredibly fast changing world. So it's really exciting time and appreciate your support.

Ben Swinburne - *Morgan Stanley - Analyst*

Exciting year and years ahead. Thank you, Brian. Thanks, everybody, appreciate it.
