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PRESENTATION

Steve Amaro - *Citi - Analyst*

Thanks for coming out to Citi's conference. My name is Steve Amaro. I am the sector specialist covering media, telecom and Internet names at Citi and I'm very happy to host today Comcast. We have two very distinguished speakers from Comcast -- Neil Smit, President, CEO of Comcast Cable and Tony Werner, Chief Technology Officer, again from Comcast Cable. So with that, why don't we just dive right in? We'll open up with a big-picture question, top priorities for 2015, new year, what are you guys focused on?

Neil Smit - *Comcast Corporation - President & CEO Comcast Cable and EVP, Comcast Corporation*

Thanks for having us, Steve. I think our top priority is we want to transform the customer experience. We want to make it our best product and I think it's going to take some time, but I think there are things that we could do. The onboarding experience should be better; it should be seamless. The contact rate should come down, which will take noise out of the system. There's more we can do with self-service and I think we can improve the tools that our employees are using to serve the customers and the reliability of our product that we deliver to the customers.

Second big priority is deliver the best product, the best product experience to the consumers on the market. X1 has been a great success for us. We're rolling out cloud DVR. We just launched a voice-activated remote, which is doing really well. Our broadband product, we're going to be rolling out 1 gig speeds and market trialing DOCSIS 3.1. Our business services product, we've gotten a number of awards there and that's been going very well. So that's the product side.

We want to obviously continue to grow share. We're going to expand X1 eligibility. We're going to -- we've launched new channels such as the online channel and the stores -- we've beefed up the stores, launched new stores, which has been a very good growth story for us. We've got new product or products that we're introducing into new markets like the on-campus product and the MDU area we're targeting. And finally, there are new growth areas such as advanced advertising that we're looking into. And then finally we have the Time Warner integration, so that will be a big chunk of work and a top priority for us.

Steve Amaro - *Citi - Analyst*

Great. We've already heard at the conference of a new offering out there, which is Dish's Sling TV over-the-top offering. It seems like every day we hear about a new company with a new OTT offering. We've heard about HBO, CBS and on top of that, we obviously have the incumbent, disruptive incumbents in Netflix and Amazon. How do you see the industry evolving over the next few years and how is Comcast specifically going to respond or prepared to respond?

Neil Smit - *Comcast Corporation - President & CEO Comcast Cable and EVP, Comcast Corporation*

Well, I think you bring up a good point. There is clearly a state of -- a change in the evolution of the market going on and that's one of the reasons we were very attracted to the Time Warner Cable acquisition. All our competitors are national. Dish, DIRECT, AT&T, Verizon, Netflix, Hulu, Amazon,



Apple, they are all national players and we felt that the cable industry has evolved on a regional basis and we felt that in order to compete long term and to bring the great products like X1 and higher speeds, business services into these markets that being a national player was important.

Concerning the OTT players, it's interesting. I was reading about the Sling TV and I was comparing it to what an equivalent offer would be for us. And we offer a performance-based broadband product along with digital television selection, which includes ESPN and all the broadcast networks, for about a destination price of about \$80. And if you were to compare that to the \$20 of the Dish OTT plus our rack rate pricing of a performance broadband at about \$67, we're actually a lower-priced offer all in offering broadcast, multiple streams, so a fundamentally, I think, better product. If you include the broadband, then you're going to need to deliver that service.

But I do think there's going to be more experimentation with packaging. We launched Internet Plus in Q4 of 2013, which was a light video product, basic video, performance broadband and HBO. And that went really well for us and that was targeted at millennials and it's been a great product for us.

The other thing we're working with the programmers on is On Campus. We've signed up seven universities where we stream a full lineup of -- not the full lineup -- 70, 80 channels right to the dorm room, no device needed and the students are seeing it where they want to, how they want to. So we've responded to these working with the programmers to some of these opportunities that the programmers want to get their content to the most eyeballs they can and if there are audiences they are missing, we're working with them to try and do that.

Steve Amaro - *Citi - Analyst*

So I guess two follow-ups on what you said. First, do you expect that that's just where the market's going and I think it was Lowell from Verizon who said that basically the era of the 300, and I may be putting words in his mouth, but the 300 channel package is dead and that's not what millennials want. They want the smaller package, smaller bundle. And are we just going to continue to see that from other companies (technical difficulty)?

Tony Werner - *Comcast Corporation - EVP & CTO, Comcast Cable*

I think we believe in segmenting our audiences. I think there are going to be some audiences who are going to want the full package and I think there are going to be some audiences who want different packages. They may want faster broadband speeds and fewer channels. So I think there's going to be a lot of test and experimentation. I don't think it's one-size-fits-all. I think there are different segments who have different needs and it's our job to address those consumer needs.

Neil Smit - *Comcast Corporation - President & CEO Comcast Cable and EVP, Comcast Corporation*

But I do think the point you made earlier is when you add up the cost of all these a la carte, very quickly you get to a price point that's actually higher than the value of a pretty good bundled offer with a lot of channels. So whether they want all those channels or they like it, if you actually add it up, I think it's a higher price point for an inferior product.

Steve Amaro - *Citi - Analyst*

You've mentioned initiatives like Internet Plus and the university offering. Is that about segmenting the market to offset video losses? Is it about trying to spur video subscriber gains? What are some of the other initiatives that you're doing to offset I guess or try to keep your video losses at a minimum, potentially even try to grow them?

Tony Werner - Comcast Corporation - EVP & CTO, Comcast Cable

Well, it's a lot of different things we're doing. It begins with having great content and delivering it in an effective way; in our case, the X1. But we have a new -- for example, a MDU program where we bring the full suite of X1 services, the X1 product, video experience, WiFi, very high speed broadband and the digital voice into these advanced communities and that's proving out very well for us. And it's a mix of a number of different things. We also have video products that we mix together, such as Internet Plus, with a broadband product and so it's a number of different things that we're doing to gain share and we'll continue to experiment.

Steve Amaro - Citi - Analyst

So you also said you were going to expand X1 or looking to expand X1. So it seems like it's going -- you see some pretty good success. Is there anything you can share with us in terms of adoption rates, usage patterns or any trends in X1 that might be helpful for us to (inaudible) better?

Neil Smit - Comcast Corporation - President & CEO Comcast Cable and EVP, Comcast Corporation

So we said at this conference last year, Brian Roberts demoed X1 and said we were going to accelerate the rollout of it and in Q3 earnings call, we announced that we deployed 5 million set-top boxes. So about 20% of our triple play customers now have X1. The results have been terrific and have remained very stable, so churn is down about 20%. VOD views are up about 25%. Transactions are up 20%. The DVR penetration is at 85%, which is higher than our legacy, which was about 60%. There are more additional outlets people are buying and so all in, you're getting a significantly better ARPU per X1 customer. So we are accelerating the rollout. We will open up the eligibility and the team has done a great job delivering on the product. Tony has done a terrific job on ensuring the reliability and the quality and continuing to upgrade the product. We just launched the voice-activated remote a month or so ago.

Tony Werner - Comcast Corporation - EVP & CTO, Comcast Cable

Yes, I think the whole point behind the platform was to make it one that's very scalable, one that's very quick to innovate on. So we actually now take things that used to take months and even years down to days. And so when the Olympics came, we were able to, with 45 days notice, put together an Olympics app to where you could see every venue from the Olympics live streaming and it's the only platform to the TV that allowed you to do that. And that was developed very quickly and when it's done that app can go away. NASCAR can come in and you can have another app as you go.

So the real piece of it is just taking us to where we can now innovate at speeds that never was possible before and still isn't by many of our competitors. So in software, I think we can do more changes, enhancements to our product between this and cloud DVR than what our competitors can do by rolling trucks to every home.

Neil Smit - Comcast Corporation - President & CEO Comcast Cable and EVP, Comcast Corporation

I think at the end of the day, we want the best content. We want it to be -- so we have 55,000 VOD choices, 466,000 online streaming choices. We want the best discovery mechanism, whether it's voice, search or preferences, the recommendations that are given to you and we want it to be across all platforms anytime or anywhere you want to watch it. So that's what we're really setting out to do and X1 plays a key role in that.

Steve Amaro - Citi - Analyst

So on the cloud DVR, how is that rollout going? What has been the customer feedback? How is that experience?



Neil Smit - Comcast Corporation - President & CEO Comcast Cable and EVP, Comcast Corporation

It's gone well. I mean remarkably well. Now we have cloud DVR in about 60% of our footprint and cloud streaming in about 80% of our footprint. It's taken -- the comments have been it's taken -- it's like TV Everywhere on steroids. You can record -- every IP device in your house becomes a streaming screen with a full channel lineup and you can take recordings on the road with you, you can record them beforehand, you can record them out of home and it's just a whole new expansion of the capability and I think the rollout has gone really well. Tony?

Tony Werner - Comcast Corporation - EVP & CTO, Comcast Cable

I think there's two things that are great on it. One is, yes, we've got 1.6 million customers on the platform now. The usage is good. We're seeing over 10 million recordings set on a weekly basis, which is showing engagement. And there's two or three other pieces. There's -- Neil continually drills us on how we're going to roll out programs at Time Warner when we get there and in this one, we started in mid-February and we rolled out 22 systems over the course of 46 weeks. So about one every two weeks that we stood up, did all the training, rolled it through the call centers and put out the cloud DVR.

Another great point of having both of these in the cloud ties into the drive of customer service and redoing that because now with everything in the cloud, we talk about continuity and we're seeing where people will pause TV on the big screen at 10:15 at night and then we'll see it pick up that same show on a tablet about 15 minutes later, meaning that they are pausing it there, picking it up and it's actually extending the viewership day. But now also as we have customers move and so if we have a customer move from New York City to Chicago, not only can their DVR content go with them, but all their settings can go with them. Their phone number can go with them and they truly have continuity. And even in those two weeks, if you had two weeks during the move, if you had recordings set, those recordings will be happening because they are happening in the cloud and you show up at your new residence and you've got everything and they are set for the move. So I think this is part of the technology story that ties into the customer care.

Neil Smit - Comcast Corporation - President & CEO Comcast Cable and EVP, Comcast Corporation

And the team does a great job at executing big programs. I've always thought that Comcast is particularly adept at that, so we go all-digital, we roll out cloud DVR, we roll out X1 and we do it on a national basis and I think that will be helpful for us as we go into Time Warner markets and for example go all digital in the non-Maxx markets.

Steve Amaro - Citi - Analyst

So maybe shifting a little bit just on stacking rights. Time Warner seems to be the most adamant suggesting that they'd like the industry to move much more towards stacking rights for most content. It seems like it makes sense. Do you think this gains traction? How pervasive are your stacking rights? Is it something you think the industry does actually go toward?

Neil Smit - Comcast Corporation - President & CEO Comcast Cable and EVP, Comcast Corporation

Yes, we've been really I think leading the industry in this area. We had Brian Roberts announce a number of years ago Project Infinity which was let's go out and get a lot of content and have it on VOD and we have a very extensive VOD library. Then we -- in conversation with the programmers, we said, well, let's test disabling fast-forward in exchange for giving us all your VOD content and so we built up even more content. Then on the side, we built a dynamic ad insertion capability so that you could actually insert ads into those VOD programs, so there was found inventory there. And now you can monetize it because Nielsen is measuring C3.

So we found that in our markets because we're doing the dynamic ad insertion and we've got so much VOD content, ratings for programs in our markets are -- C3 ratings are about 20% higher than non-Comcast markets. When you do full season stacking on top of that, they are about 40% higher. So it's a real win-win for the consumer and the programmer. The consumer because if they tune in on the third episode of a show and they

say I like that show, I'd like to go back and watch the beginning, the premiere, then they can see the whole program through and it's a win for the programmers because they can monetize that by inserting those ads not just into the current episode, but into previous episodes with ODCR.

So I think philosophically that's the way we like to work. We say what are we trying to do here. Advertising is clearly an important aspect of the ecosystem and we can deliver new technologies, new capabilities that benefit both the programmer and the distributor.

Tony Werner - Comcast Corporation - EVP & CTO, Comcast Cable

I think this is another point on the X1 platform is early in the year, Neil and others realized just how much was going on with the stackable and binge viewing, so we were able to very quickly put in features to where when you watch an episode, right at the end of it, it will come up and say would you like to go directly to the next episode. And as you pull up your episode guides, it will show you which episodes you've watched, which ones you haven't, which is all something that we did in a matter of a couple of weeks of development in here.

Neil Smit - Comcast Corporation - President & CEO Comcast Cable and EVP, Comcast Corporation

So we went in the course of a little over a year from four programs that were full season stackable to we have 550 plus now. So we've got the top 100 Nielsen-rated shows on VOD and over half of those are full season stackable.

Steve Amaro - Citi - Analyst

Do you know how that compares to the industry?

Neil Smit - Comcast Corporation - President & CEO Comcast Cable and EVP, Comcast Corporation

It's well above industry averages.

Steve Amaro - Citi - Analyst

Maybe we could talk about something that's less controversial, net neutrality. Maybe you could spend a few minutes and just frame the whole issue, summarize it for us what you think the most likely outcome is. Do we need a new telecom act? Do we need Congress to get involved?

Neil Smit - Comcast Corporation - President & CEO Comcast Cable and EVP, Comcast Corporation

So first up, I'll say we have no new news. 2010 Open Internet Act was I think effective in keeping the Internet open. So the principles such as nondiscrimination and transparency and nonblocking were all protected I think and it's what's helped the Internet thrive and grow and we've been very supportive in those areas. In fact, we voluntarily agreed as part of the NBC transaction to be held to the 2010 Open Internet order that the DC District Court subsequently overruled.

We still believe firmly in all those principles and I'd add to that that we do not believe in paid prioritization. So I would add that to the transparency and the nondiscrimination and the nonblocking. What we don't agree with is that Title II is the best way to enforce those principles. We think there's enough authority that the FCC has in Section 706 and I don't think those two things are inconsistent. Believing and supporting the Open Internet and not supporting Title II are inconsistent. We'll continue to work with the officials in Washington. I think that there's a lot to play out here. There is a lot to play out politically from a regulatory perspective, from a legal perspective. So I think it's probably too early to tell how it's going to finally evolve.



Steve Amaro - *Citi - Analyst*

And just following up on that, is there any -- Verizon has said that there is basically some rumblings that basically the Hill is going to get involved and potentially going to legislate something that makes a little bit more sense than Title II. Are you hearing the same thing?

Neil Smit - *Comcast Corporation - President & CEO Comcast Cable and EVP, Comcast Corporation*

I've heard the same rumblings. I think the mysteries of Washington are always elusive to me, but I think it will play out over time. We'll see how it goes and we're going to continue to remain firm supporters of the Open Internet.

Steve Amaro - *Citi - Analyst*

Okay, great. Let's switch over to broadband. Your single product customers have fallen in terms of percentage of relationships from 35% in 2012 to I think around 31% as of the last quarter. The rate of decline though seems to be moderating a bit in recent periods. Is this because broadband only homes are increasing, so as people are shaving the cord, so to speak, so is that what's going on there?

Neil Smit - *Comcast Corporation - President & CEO Comcast Cable and EVP, Comcast Corporation*

Well, our bundled penetration has gone up during that period. So in the last year, it went up 300 basis points from 66% to 69% who are buying either a double play or a triple play and the single play has come down. Interestingly, while there are more absolute Internet only customers, about 20% of our customers migrate over to a bundle within a year. So they are realizing the value of the bundle and we'll continue to focus on our bundled strategy and 55% of our customers have speeds of over 50 megabits per second. So we'll continue to beef up the network and provide the capacity that's needed to deliver the speed.

Steve Amaro - *Citi - Analyst*

And just along those lines, you have it seems like several Internet offerings out there, Extreme 150, Blast Performance, Performance Starter. Are there any broad subscriber trends that are interesting regarding the mix of the subscriber base?

Neil Smit - *Comcast Corporation - President & CEO Comcast Cable and EVP, Comcast Corporation*

Well, I think the first trend is that there is an insatiable appetite for speed and we offer up to 505 megabits per second right now. I think our consumption, our bandwidth consumption is up 40%, 50% every year for --

Tony Werner - *Comcast Corporation - EVP & CTO, Comcast Cable*

Has been forever.

Neil Smit - *Comcast Corporation - President & CEO Comcast Cable and EVP, Comcast Corporation*

-- for a number of years. So we're going to continue to invest to deliver that speed.

The second thing is WiFi has become even more important to the value equation and we've upped the speeds of our WiFi routers from 75 megabits to 250. Our latest ones, Tony, are --?

Tony Werner - Comcast Corporation - EVP & CTO, Comcast Cable

800.

Neil Smit - Comcast Corporation - President & CEO Comcast Cable and EVP, Comcast Corporation

Are 800. So we think WiFi is going to continue to permeate. There are more devices hanging off the network, so I think that's a significant trend. And I think WiFi will become increasingly important in the overall mobile equation. But broadband we've done over 1 million subs for eight years now per year and I think the Internet of Things will hang off the WiFi network. That will be a trend that we see out here on the floor. There are going to be more devices that are hanging off the network. So we're going to continue to invest and build up the network.

Steve Amaro - Citi - Analyst

And just on the broadband mix, are you seeing customers start at lower price points then migrate up as the demand for bigger buckets and bigger, higher speed, rather, continues to grow as you mentioned?

Neil Smit - Comcast Corporation - President & CEO Comcast Cable and EVP, Comcast Corporation

Yes, I mean speed continues to increase. The other thing we're working on is what else -- what other value could we add to the equation beside speed. First it was WiFi and we're looking at -- we bought a company recently that provides a control panel for your network that it will get us into a more smarter Internet where you can take your preferences with you and you can control the preferences. So I think there's going to be more than speed. I think mobility is part of it and I think control of your network is part of it as well.

Steve Amaro - Citi - Analyst

And then on WiFi, just touching that maybe in a little bit more detail. You will finish I think with 8 million WiFi hotspots by the end of 2014, at least that's the estimate out there. How many more will you build and is this going to be a new revenue stream or is this protecting what you have over time?

Neil Smit - Comcast Corporation - President & CEO Comcast Cable and EVP, Comcast Corporation

Well, WiFi -- we'll continue to build out WiFi both in home and out of home. All the routers we're putting in now have dual SSIDs and they help fill in the network. Interesting statistic, so 70% of consumption of mobile consumption done in home and in office is done over WiFi right now nationally and we've looked at our recent WiFi statistics and the average XFINITY WiFi customer consumes 2.3 gigabits per second per month -- gigabytes -- excuse me -- per month and the average mobile customer consumes less than 2 gigabytes per month.

Tony Werner - Comcast Corporation - EVP & CTO, Comcast Cable

And that's all out of home.

Neil Smit - Comcast Corporation - President & CEO Comcast Cable and EVP, Comcast Corporation

And that's all out of home. So we're seeing -- we saw a 79% increase in our out-of-home consumption on WiFi and so there's a lot of usage on the network. We haven't quite determined the best way to monetize that, but we think it's a very valuable asset currently as an extension of HSD and going forward as an element, a major element of the mobile environment.



Tony Werner - Comcast Corporation - EVP & CTO, Comcast Cable

I think something to add is the network that we've got is (technical difficulty). Our network is uniquely positioned for us to actually put these up because we've got the rights to the poles, we've got infrastructure and we've got power on every inch of our network. So it's a very effective way for us to put these as the outdoor devices as we (inaudible) and whether we monetize it or what, there's more and more people that are ascribing a lot of value to it and as you walk through like the city of Philadelphia or someplace like that, consistently you will have access to WiFi with your device.

Steve Amaro - Citi - Analyst

Let's shift over to an important growth area for you guys, which is business services. During the first three quarters of 2014, about a third of your top-line growth in dollar terms came from business services segment. In 2013, it grew about 26%, but the growth rate has moderated through each of the first three quarters of 2014. How should investors think about the trajectory of commercial business going forward? And are there any add-on services, any other businesses that can offset this deceleration or at least what seems like a deceleration in growth?

Neil Smit - Comcast Corporation - President & CEO Comcast Cable and EVP, Comcast Corporation

Well, I think it's really the law of large numbers. The growth rate, it is approaching a \$4 billion business right now and the growth rate, while the percentage growth has slowed down, the dollar growth is the same or equal to prior year Q3 over Q3, as well as year to date through Q3. So we're still seeing very healthy growth there. We have about a 25% marketshare in small and medium business in our footprint and only a 5% marketshare in the midsize business. Midsize business is growing at a significantly higher rate than the SMB is right now. So we think that's a real growth opportunity for us.

We also see, with the Time Warner merger, the opportunity to get into the enterprise business as we are a near national player and we can grow into that area. Our recent branding campaign is built for business, for business services and we've really built a very robust structure. We have 5,000 people, we have a network that's not attached to our ILECs or CLECs. It's a fully owned network. Our products, our business voice Edge product that we rolled out, it's a cloud-based PBX basically. It just received a significant award. So we've got great products. We're growing at a good clip and I see there's a lot of promise in that market.

Steve Amaro - Citi - Analyst

2014 was an interesting year for acquisitions. I believe there was one big one that we all kind of know about, but there was also some, a few interesting ones like that PowerCloud and FreeWheel that maybe didn't get as much attention. Can you talk about how these acquisitions fit into the overall strategy?

Neil Smit - Comcast Corporation - President & CEO Comcast Cable and EVP, Comcast Corporation

Yes, I'll talk a minute. Tony can fill in some too. So Freewheel is an ad delivery system for digital video primarily and we saw display was going to digital video and we already have the linear advertising capability and with their ability to insert ads across different platforms, we felt that was a good complement to our linear inventory. We have, if you think about it, if you go upstream, we have set-top box data that gives us a lot of information about what people are watching, what they may want, what types of ads they may want to see. We have the delivery system and we can now do addressable linear ads. So if you have a house with a cat in it and a house with a dog, they are going to receive separate ads on a linear basis. So this mixture of assets we've put together under John Schanz who is here and we think we can really step up our game in advanced advertising.

The PowerCloud deal was really getting back to the point on Internet, what other value can we add to the Internet and it's basically a means -- it's like a control panel for your network and you can set parental controls, you can determine where bandwidth goes, you can set preferences and you can take those with you. So your Internet preferences go with you. So we think it's another way of adding value to HSD. Tony?

Tony Werner - Comcast Corporation - EVP & CTO, Comcast Cable

Yes, I think on all of these, we work closely as a team to invest in areas that we think have got growth. So advanced advertising, especially with John focusing on it, we're doing a lot of our own development. We're also doing some acquisitions that go into it. On the Internet, I think we do believe that broadband is ripe to add features that go above and beyond just speed and some of these go into very easy onboarding of devices, being able to see what devices are doing, troubleshoot them, do other pieces in the home and especially as more and more devices and smart devices show up, having these very easily to take a smart thermostat and immediately have it show up in your home network and immediately take a garage door opener along with the devices that we sell and give you one management infrastructure we think is a good opportunity.

Neil Smit - Comcast Corporation - President & CEO Comcast Cable and EVP, Comcast Corporation

If you think about it, you don't want your thermostat that's not functioning to affect your WiFi network or your lighting system. So you want to be able to control it and we felt with one stop and a simple, easy-to-use manner.

Steve Amaro - Citi - Analyst

Let's shift over to margins and program expenses. Comcast has done a remarkable job keeping operating cash flow margins at 41% for the last several years. This has come in in the face of this continued increase in program expenses. I think program expenses were up over 100 basis points (technical difficulty) year and a half or so. Do you think that the rate of program expenses moderates or does it keep on going?

Neil Smit - Comcast Corporation - President & CEO Comcast Cable and EVP, Comcast Corporation

Do I wish or do I think?

Steve Amaro - Citi - Analyst

Are there costs that you can squeeze out of the business to maintain the margin? How does this play out, not necessarily next quarter, but over the next couple years?

Neil Smit - Comcast Corporation - President & CEO Comcast Cable and EVP, Comcast Corporation

Clearly programming costs have been going up and they have been driven primarily by sports and retrans. Video is about 50% of our business and the other 50% are businesses like Internet, phone, business services, ad sales and those are higher margin and generally speaking higher growth businesses than the video businesses. So the mix equation has helped us maintain margin. I do think there are also costs that we can continue to get more efficient in the business. Tony referred to self-install and kits for the X1. As we get better customer service and take the noise out, it's going to take the contact rate down, but video -- I actually believe that the market is going to dictate what the price will be and it's up to us to deliver that content to the customer in the most effective way so they can realize the value of the programming they are paying for. And that's why we spent so much time working on the search and discovery and recommendations and preferences engines of X1 to bring forward that content. So interestingly with X1, linear viewing is up, VOD viewing is up. Some people are actually exploring and benefiting from some of the content. But we'll continue to push for holes in the margin.



Steve Amaro - *Citi - Analyst*

So let's just kind of move down and you've talked about how your desire to push X1 forward rolls out more. So if we look at CapEx, are you going to be able to maintain the capital spending as a percentage of revenue? I think it's running around 14% at a constant level. So that way we should expect from Comcast Cable, including all this added rollout and the new initiatives that you've talked about?

Neil Smit - *Comcast Corporation - President & CEO Comcast Cable and EVP, Comcast Corporation*

We haven't put out any guidance beyond 2014 yet, but what we've invested in and there was a growth, an increase from 2013 to 2014 and the big investments were X1 because we saw very positive results, wireless gateways. We put out -- we have a total of 11 million wireless gateways out there now, about half of our customer base, because we've seen the benefits of that and business services where we've seen -- we've delivered the service. It's accretive to the business and it's been a great growth story. So we believe that we're investing -- these are all good investments and we manage our CapEx as carefully as we do our OpEx and we think that we'll continue to invest in good return businesses that are good for the long-term growth of the enterprise.

Steve Amaro - *Citi - Analyst*

Just back on X1 quickly, it does seem to be a competitive advantage, a differentiator, but like you said a lot of people you're competing against are national players. Has there been any traction at all on licensing of X1? Is it (inaudible) other cable firms? Is that something that we should expect to hear anything from?

Neil Smit - *Comcast Corporation - President & CEO Comcast Cable and EVP, Comcast Corporation*

We've had a lot of interest and we're currently working with Cox to see how it fits into their long-term future video product. Tony has been very close to that and has also been close to some of our other licensing deals. Tony?

Tony Werner - *Comcast Corporation - EVP & CTO, Comcast Cable*

Yes, John Schanz and I both work in this area, but X1 we've had a lot of interest in, but we've also had a lot of interest in our apps, the TV Everywhere app and that and we're working with companies that are likely to license that. We've got a licensing arm that's called [CAL] that does (technical difficulty) dollars a year already of licensing of technologies that we've developed over time. Some of these are technologies related to hardware, some of them are related to software as we go. So we think that there's more and more opportunity for this as we go forward. But at this point we're still classifying I think Cox as a trial to see how well they like it. The one thing that we're learning is all the work we're doing there, which is really making sure that the APIs are very stable, published and that is also going to greatly accelerate how quickly we can roll out in Time Warner as we pull that in.

Steve Amaro - *Citi - Analyst*

Great. I want to talk about something that seems to get a lot of attention, especially with the popular press, which is customer experience. The pay-TV industry in general continues to struggle I guess with customer satisfaction. Comcast seems to be hit, I guess because they are the big boys on the block, tends to be hit a lot more and seems to go rampant on social media anytime someone has a call that lasts more than a few minutes with you guys. When we talked about your 2015 priorities, you mentioned that one of them was improving the customer experience and that's one of your top priorities. What are the steps that you're taking to improve that? How are you assessing the progress that you're making internally and I guess important for this group here is that how are investors going to feel and see the impact of improving the customer experience?



Neil Smit - Comcast Corporation - President & CEO Comcast Cable and EVP, Comcast Corporation

Well, I think we're not where we need to be and we need to make progress. There's no way around that. I think we've done a lot of infrastructural things to lay the groundwork that we can now build upon, things like switches in call centers and training with reps and better tools. But I think we've got to make it more convenient for customers to do business with us, so we're -- we put up an app, manage my account where you can see your bill and we're going to be testing an on-screen agent, a live agent would come on your television screen. We have [TechFinder] we launched in Boston. This is all within the last six months where it tells you -- like with Uber when your tech is going to arrive. We have launched a deal with UPS so you can drop off your set-top boxes there.

I think we need to -- I stole a guy from Tony, Charlie Herrin, who was one of the top guys in building the X1 product and he is now leading lead customer advocate in the business because I thought we should really make this our best product and let's think about it as a product. I don't think we've thought about it that way. We thought about it as kind of something that goes along with the service and I think we can really build a great product here with the tools we have and the technology we have. So that's what we're setting up to do. I think ultimately the measurement will come down to -- I think the most direct metric is churn. You see a reduced churn rate if people are happy with your service. So that is probably the most direct way people will see it. Tony, anything to add?

Tony Werner - Comcast Corporation - EVP & CTO, Comcast Cable

No, I just think you're right. We've put a real focus on it coming in and it's across all the points, so we're building it into the products. We've invested a lot in the platform. We now have all these smart devices that started with X1 but also the wireless gateways where what used to be a \$20,000, \$25,000 piece of test equipment that a technician would have to take to the field, now we have millions of them where we can actually get diagnostics back and find problems before the customers call in. So working that altogether I think is part of the solution.

Neil Smit - Comcast Corporation - President & CEO Comcast Cable and EVP, Comcast Corporation

Everybody is bonused on it and this will be our best product.

Steve Amaro - Citi - Analyst

Well, with that, unfortunately, we're out of time, so I'd like to thank Neil and Tony for coming and appreciate your time.

Neil Smit - Comcast Corporation - President & CEO Comcast Cable and EVP, Comcast Corporation

Thank you.

Tony Werner - Comcast Corporation - EVP & CTO, Comcast Cable

Thank you, Steve.



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