THOMSON REUTERS STREETEVENTS

EDITED TRANSCRIPT

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

EVENT DATE/TIME: MARCH 03, 2015 / 5:30PM GMT

THOMSON REUTERS

CORPORATE PARTICIPANTS

Michael Angelakis *Comcast Corporation - Vice Chairman and CFO*

CONFERENCE CALL PARTICIPANTS

Ben Swinburne *Morgan Stanley - Analyst*

PRESENTATION

Ben Swinburne - *Morgan Stanley - Analyst*

Okay. We're going to get started. Once again, please note that important disclosures, including my personal holdings disclosures and Morgan Stanley disclosures, all appear as a handout available in the registration area and on the Morgan Stanley public website. Once again, I'm Ben Swinburne, Morgan Stanley's Cable and Media Analyst. And we're really excited to have with us back again this year to my left Michael Angelakis, the CFO of Comcast Corporation, a role he's held since 2007. He is also Vice Chairman, which he has been since 2011 and before joining Comcast served as Managing Director at Providence Equity Partners. Michael, thanks for coming back.

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Thanks for having me. Pleased to be here.

Ben Swinburne - *Morgan Stanley - Analyst*

So, we started off talking with Tom just before about some of the regulatory excitement over the last few months. I wanted to start with that for you. Given what you've seen from the FCC on the net neutrality front, I know we're waiting for the new order, what are your initial thoughts on what you think the outcome will be and impact on your business, if anything?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Yes. So, last week, the FCC reclassified broadband as a telecommunication service under Title II of the 1934 Communications Act. So, 1934 was over 80 years ago and I don't think was ever meant to be applied to as dynamic an industry as the Internet is. So, we are clearly disappointed in that approach. We think there are alternatives that might have been more energizing and invigorating for the infrastructure and Internet investment. We have not seen the orders, so we have to read it very carefully. We will look very carefully at the forbearance, which obviously is important, but unfortunately, this is a disappointing development in terms of, it's going to get legally challenge and create a period of real uncertainty in terms of what is the regulatory framework going forward. We think there really are alternatives. There wasn't a proposed legislative solution which something that is of this importance and probably is the right place to have a legislative solution.

Fundamentally, we actually agree with the four principles that the President in the FCC came up with, with regard to transparency and no blocking, no throttling, no pay prioritization. We don't do any of those things, never did; we've supported those for many years, but it's going to introduce uncertainty and we're going to have to figure it all out. So I suspect over the next few months, few weeks, we'll see what the order really looks like, we'll see where the legal challenges come from, but also 99.9% of our employees went to work this morning trying to grow the Company and deliver a great product and deliver a great service to our customers, and there will be a small number of obviously our government affairs and our legal folks will be focused on this for quite a long time. So our hope really is ultimately the uncertainty will create a legislative solution, that would be I think a nice outcome and an appropriate outcome given all the constituencies that are involved.

Ben Swinburne - *Morgan Stanley - Analyst*

Another decision they've made in the last few months was to redefine broadband to 25 megabits, which is obviously higher than it was before. Any implication of that decision on Comcast and do you believe that redefinition has any implication for your transaction, the pending transaction?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Yes, I don't think it has any connection to our transaction. The reality is that the FCC uses different definitions for broadband on a regular basis. They just came out with a definition for broadband of 10 megabits for USF funding and this report was really about a Section 706 report for what is advanced telecommunications, what is aspirational and to have it the aspirational 25 megs, we're fine with that actually. The majority of our customers receive more than 25 megs, so we made those investments for that advanced service, that aspirational service, which I think is a good thing and should be perceived as a good thing. So I think it was just part of their normal reporting, routine as what is an advanced telecommunication service. So we don't really see a connection to the transaction, but net-net, it's good that our customers, a majority of our customers are receiving what is considered an advanced service.

Ben Swinburne - *Morgan Stanley - Analyst*

Yes. I think when we sat here a year ago right after these deals were announced, you talked about why this is such an exciting opportunity for the Company. Have any of the changes in the regulatory landscape altered your view of the attractiveness of the transaction?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Listen, I think it's as attractive as it was the day we signed the deal. We look at Time Warner Cable as a strategic asset. We think it will be very beneficial for our customers and for Time Warner Cable customers and our shareholders. You heard Tom just a few minutes ago when I walked in talk about the benefits of scale and technology and the ability to offer new services, and I think that's very true and consistent with what our approach has been with Time Warner Cable. So when we look at the transaction, we look at the valuation, we look at what we think we can do; we look at the operating synergies and expense reductions and potentially revenue opportunities. We are really excited about the transaction. We have to get through the regulatory process and hopefully that will happen shortly, but our teams have spent the last year working on integration. We have literally hundreds of people working on the integration, which is relatively complex, but I think we are really excited that this will be a great transaction for the Company.

Ben Swinburne - *Morgan Stanley - Analyst*

And you laid out again a while ago the OpEx synergy opportunity of $1.5 billion, $400 million of CapEx synergies, potentially some revenue opportunities.

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Yes.

Ben Swinburne - *Morgan Stanley - Analyst*

Now that we're a year later, any update or change in perspective on those numbers?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

No, just more confidence. I mean when you imply those synergies to your valuation, we're in the mid 60s of operating cash flow as a multiple and we think that's very attractive. And then, you sort of say, well, what's your confidence level in achieving those operating synergies, which are pretty substantial and we set $1.5 billion, we think it'll be at least $1.5 billion. We think the timing that we've talked about of getting half of those synergies within the first 12 months is very realistic and we have a high degree of confidence there. And then, the remaining 50% over the next 24 months. And again, we feel very confident about that as well. And we think there are revenue synergies as well, which we'll talk about at a later time, but we've spent a lot of time in terms of what would the NewCo look like of having Time Warner Cable merging with Comcast, both on the revenue and on the operating cost side. And our confidence level is very high that we'll execute well.

Ben Swinburne - *Morgan Stanley - Analyst*

Great, it's great to hear. Let's step back then from all the stuff in DC and the transaction, just talk about the Company as it stands today, you just wrapped up a very successful year in 2014. When you look across cable and NBC, Michael, where are the biggest opportunities to grow the Company, where are you most excited?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

We are at a very unique position between the convergence of technology and media. And I think, we look at all of our different business units, whether it's video, data, voice, our business services or advertising, and we can talk about those or NBC Universal's businesses, and we have a growth plan. We think that those businesses are very well positioned. They performed well. 2014 was a terrific year on many fronts and when you think about the individual business units, we get pretty excited and optimistic.

You think about our video business, we have a best-in-class video product. We've deployed millions and millions of X1 which is clearly doing quite well for us. We have the best TV Everywhere platform and on-demand platform where we've had more and more content on that. We've been able to grow customers three out of five quarters, which -- that is a good fact given that we've had expanded competitive territory by some of the telcos, so this has been some headwind there, but we're still performing well. So on the video side, our ultimate goal is to go positive but do so in a very balanced way between financial discipline and customer growth.

High-speed data, I think the numbers speak for themselves. We've had nine years of over 1 million customer adds during that period of time. And voice, we even grew voice. So when you look at the traditional cable business, it's doing fine. Business services is a large growth opportunity for us; I know you and I've talked a lot about that. We have relatively small market shares in the small and medium size and we haven't even gotten started yet on enterprise and advertising on our Comcast cable side is doing well. So we grew 358,000 customer relationships in 2014. We had lower video losses than we had in the last seven years, and we have best-in-class products. So I feel quite optimistic that we're executing well. The team's focus is exactly where it should be and we're going to continue to make progress.

NBC Universal had an 18% operating cash flow growth last year and when you pull out the Olympics, it had 15% operating cash flow growth. So since we bought the company, we're up 80% or so on operating cash flow. All four units grew last year and are doing quite well. Broadcast, I remember sitting here years ago, was a turnaround. It's turned around. It's profitable now. Retransmission consent is happening, but we were in the seller in terms of it being fourth in ratings and now we're Number 1 and continue to be Number 1. Parks, [going to] say enough about parks in terms of since we bought it, their operating cash flow has tripled and film had the best year it's ever had in its 100-year history. And then, you think about cable programing, and we have some headwinds on ratings, but grew the business, terrific business, high free cash flow conversion. So I can go on and we can take up all 29 minutes here on each of our different businesses and I think you really got to look at it granularly and build it up and when you build it up, we have a pretty robust business that's doing well.

Ben Swinburne - *Morgan Stanley - Analyst*

But we are going to dive into some of the specifics as we move through the conversation, but I want to just stay kind of high-level ecosystem for a second. A big debate about consumer shifts going on during this conference across a lot of different verticals. I want to ask you particularly about over the top and growth in streaming consumption, of video, how do those changes at the consumer level impact Comcast and what are you doing to take advantage of what's happening?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

So the consumer is evolving, no surprise to anybody, millennials, people's choices, people on the go, people want to use tablets, just look around the room of how many people have tablets and so forth. And our goal is to evolve with our customer base. So we have put on a lot of customer relationships, we're trying to grow that significantly. By the way, having over the top or other different types of services are not necessarily competitive to our core services; if fact, I'd argue they're complementary to the video service, actually help our broadband service, it actually helps NBC Universal, because people want to buy content for some of those services. So we are going to evolve. We're going to evolve on the video side, we're going to evolve on the broadband side,

we're going to evolve on the content creation side, and I think our goal is to serve those customers. Ultimately, if people want to have video and watch a video, whether they live in San Francisco and are on the go or Philadelphia or Boston or hopefully New York or LA, we'll provide those services anywhere, anytime. And I think the content that we have purchased or have licensed is very robust to allow that to happen where people can watch their content on their cloud DVR, they can watch their content on a streaming basis, they can use a tablet or a phone. So we will evolve. We will technology-wise, we'll evolve from a content creation side and our whole goal is to serve the customers and make sure that experience is best in class.

Ben Swinburne - *Morgan Stanley - Analyst*

The industry over the last few years has really in many ways marched together with content distribution, building TV Everywhere products and building bundles, but it does seem like the programmers are starting to think about direct-to-consumer models. I asked Tom the same question, but I'll ask you. What's your reaction when you look at CBS's decision they'll launch an all-access app or HBO talking about going direct-to-consumer, effectively competing a bit with you head-on?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

I think that that doesn't bother me so well, because it's all really embryonic. And I think people are really trying to get to hard, younger customers and the more that they can provide those services to those customers, I think it's better for them and ultimately it's better for us. I think we have a terrific set of video products and I'm not overly worried about the online side. I think we have to watch it and be careful about it, but I think the reality is, it's going to help our broadband business.

I think in some ways, it's complementary to our video business; in some ways, it shows the value of our video business. I think some of these tend to be pretty expensive, but when you add them all up, they can probably outstrip the value of some of our core services when you add it with broadband. So we have thought about more flexible packaging, more streaming, lighter packages in order to provide those alternatives and those choices to our customers. So it goes back to your prior question, we have to evolve and we have to [cave] it appropriately and I think we'll do that. And actually, I think, you also have to keep in mind that all these services which have a Wi-Fi component to them or have a broadband component to them really do help our broadband business.

Ben Swinburne - *Morgan Stanley - Analyst*

I know you and Brian have been consistent over the years that there is tremendous value in having content distribution Comcast and NBC inside of one company. Given all of these changes at the consumer level and different business models, do you think any differently about the value of having these two together and you are as excited about synergies that are created by housing these assets inside of one company?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

I think it's more important than ever. As this industry does evolve and as the dynamic changes to have a content in distribution, technology platform with content is really important. We launched EST last year and now we're the Number 2 EST company. That was really part of the NBC discussion group. We've had -- our VOD platform is clearly Number 1 and our TV Everywhere platform is clearly Number 1. We have the top 100 Nielsen shows on our VOD, half of those shows have stacking. We have 550 episodes of full-season stacking, a lot of that is related to discussions with NBC Universal and how we think about delivering programming and disenabling fast forward on DVRs and -- and I'm sorry, on our VAD and having more and more content there and dealing with DAI in some of the advanced advertising, that's all in partnership with my colleagues who are both on sort of the technology and application and content side. So as this industry evolves in a whole variety of areas, I think having the content and technology platforms together is really strategic for us.

Ben Swinburne - *Morgan Stanley - Analyst*

Other strategic opportunities for Comcast, there has been maybe a fade in the interest on these questions, given what you have in front of you, but I know you've talked in the past about wireless and international as maybe opportunities to invest and grow the Company over the long term. Can you maybe update us on how you think about those two pieces?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Yes. I think it's premature on the wireless side. We had a couple questions on our earnings call last year about wireless, an article in the newspaper yesterday and an article in The Financial Times today, and listen, you should expect that we do understand the value of our Wi-Fi network. The original genesis of deploying our Wi-Fi network is really around expanding our broadband customers and adding more value to that subscription for broadband and we knew that TV Everywhere and people wanting to access online content through a Wi-Fi connection was also very valuable, whether they were on a train between Boston and New York, or whether they were outside the home or inside the home.

We all know that a majority of the consumption of a cell is over WiFi, either in a home and an office. But we're still very much deploying WiFi, that WiFi has been an extension of our broadband service to some degree of our video service. And over time, we'll see if we can develop the technology that may be interesting product like folks to speculating. Obviously, folks know we have MVNOs and there was an article on Google of what they're doing. So we are studying it very carefully. I think the technology needs to develop a bit more. We need to have a product that we think is a valuable customer proposition if we ever come out with a product. And I think the teams are spending time evaluating that. I think it's premature to sort of say, this is how we see the road map going forward.

On international, we have a lot on our plate. I mean you just think about the last 20 minutes. We have an awful lot on our plate, we got to get Time Warner Cable closed in the integration. We are underweight International, which is something we've said consistently. About $4.5 billion or so of revenue, which is primarily US-type product being sold overseas, but we've seen nothing that is compelling or that we think we bring a lot of value to and I think we're going to stay pretty focused on the integration, stay pretty focused on the opportunities we have, but also remain pretty educated internationally.

Ben Swinburne - *Morgan Stanley - Analyst*

Let me ask you one more question before we dive back into the businesses, it is on capital allocation.

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Yes.

Ben Swinburne - *Morgan Stanley - Analyst*

We talked on the earnings call about your plans for 2015, maybe just walk us through what you expect to do on the buyback front, you raised your dividend and also what are sort of the principles that you're using and the Board is using to sort of set these targets?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Yes, I think we have a very balanced financial strategy. I mean it's our priority to invest in the business where we think there is attractive financial and strategic returns. So, we are investing in our business, whether it's business services, our X1 deployment or wireless gateways, and that's a real priority for us. I think we're also thinking about how do we develop some new businesses. And then, the return of capital has been very important from a sustainable and consistent point of view. So, we announced last week that we are increasing our dividend by 11% to a dollar. By the way, that's a 4x increase over seven years. So, we introduced a dividend back in 2008 at $0.25; now, it's $1.00. We also mentioned that we were going to increase our authorization to $10 billion, our Board approved that and that we were going to buy back $4.25 billion of stock in 2015.

We also said that there is another element here, which is getting the Time Warner deal closed and also we have a number of transactions related to the Charter transactions. And we are well aware that when those deals are completed, we'll have some additional liquidity, which we will seek to provide a second step to return the capital and what we said last week is we think that second step will generate in excess of $5 billion of additional buybacks. So we could have a 2015 plan that has that increased dividend, has that increased authorization and has that a share buyback approaching $10 billion.

Ben Swinburne - *Morgan Stanley - Analyst*

Great. Driving a lot of that capacity obviously is the success of the Cable business. Let's talk about what's driving that success. Over the last few years, you've put up really impressive topline numbers, consistent margins. When you think about the product sets and the operational focus, what's really driving that kind of revenue consistency in the Cable business?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Again, we're trying to balance and the team has done a fabulous job of balancing customer growth and financial discipline combined with having great innovation and the best product, whether it's video, high-speed, voice, business services, advertising. And if we were able to manage that really carefully, I think we have a terrific video product that we can ultimately try to grow share at some point. I think we're monetizing it appropriately. I think we're going to have the best high-speed data product by far. We're continuing to deploy more capital into our high-speed data service, continuing to deploy more capital actually in our X1 service with further deployment.

I think Business Services is just a huge opportunity for us. We grew $700 plus million organically last year. The margins are terrific and I think we have some competitive advantages with our network and how we deploy our network. Advertising grew really nicely last year with the political environment and even without it, we grew pretty nicely.

So I think that the Cable business is just very well positioned to continue to grow. It's not going to grow huge numbers because it's a very big business. But we have tons of opportunities around video, high-speed data, business services. I think those are outsized opportunities and we're deploying more capital into those opportunities. And I think we're deploying some investment around some potentially new businesses. We just talked about wireless. I think there are other ones around advanced advertising, home security, or home control. So we're certainly thinking about what the future brings as well and it's really key for us to have the best network and allow us to create businesses or lay your businesses on top of that network and the team has just done a great job of growing it.

Ben Swinburne - *Morgan Stanley - Analyst*

I was struck when Brian led off the earnings call talking about customer service being your best product going forward. And your probably a tenancy in the market for people to sort of roll their eyes at those kind of comments because it's something you talked about all the time, but this seems like a real big focus for you for 2015. Can you put a (inaudible) for us what is the thinking on the investment there and what the impact might be?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Yes. And listen, I did not understand, I understand the skepticism that you mentioned of rolling eyes. We are determined to provide a transformational customer service experience for our customers. I think that the Company has spent the last four, five years or so deploying more innovative products on X1 high-speed business services and I think our goal now is to take that technology innovation and turn it into a customer service, customer experience innovation. We have a new team led by Charlie Herrin who I have great confidence in, but we are just determined to change the experience for our customers, not incremental, but transformative.

We've actually done a fair job, believe it or not, incrementally, but that's not good enough and that won't suffice. I think if we really want to be an industry leader, we really want to leapfrog competitors; we really want to be best-in-class. We have to have the best customer experience, both from the product and the service side. I think Brian and Neil and Dave Watson and Charlie and the whole team is very committed to this. And if I'm here 12 months from now and we have not achieved some of our goals, I'll be pretty disappointed.

Ben Swinburne - *Morgan Stanley - Analyst*

It sounds like you're putting real dollars behind this in 2015.

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

We're putting real dollars behind it. We have put real dollars behind it in the past and in 2015 -- by the way, I look at it as a great investment. Obviously, from my seat, my glasses have a lens of investment and I'm a huge supporter of having the best customer experience and I think that will decrease churn, increase customer lifetime value, have a higher propensity to purchase other services, have people think about home security more, whatever we're talking about with new services. So I think that investment in a better customer service model, a transformative customer service model, is smart.

Ben Swinburne - *Morgan Stanley - Analyst*

Yes. Let's talk about programming costs, another area of big investment for you. On one hand, you're gaining more rights, which are really helpful to your TV Everywhere product and your offering; on the other hand, it's a level of growth that pressure is the business and the ecosystem. So how do you think about those two pieces of the puzzle long term?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Listen, it's always been a headwind for us. Our program expenses were up just under 8% last year, which is a little bit better than we might have contemplated. And you said it well, we are buying more and more rights. We want to have more and more rights, whether it's from our TV Everywhere platform. We want to have more on-demand, we want to have more inside the house, outside the house. We want to have more stacking rights in full seasons, we call bankable, all those kinds of things, those do cost dollars and I think you're going to see us continue to be somewhat aggressive and wanting to have more and more rights that are available to us on more platforms, both inside and outside the house.

But it is a headwind, it is a challenge, it's one of our larger expense categories and I think we're able to navigate through that. One thing we did say last week is even with that expense increase, which we think 15 will be pretty close to the same kind of number that due to product mix and a variety of other things, we'll keep our margins relatively stable. So it's not a new thing for us, it's always been a challenge and some of the discussions can be contentious. But the reality is our goal is to provide the most robust set of content rights to our customer base that they can access anytime, anywhere; and unfortunately, that costs money and we understand that being on the NBC Universal side as well.

Ben Swinburne - *Morgan Stanley - Analyst*

Right, right. Tieing programming cost to changes in consumer behavior, what's your perspective on the cable side about getting more flexibility from programmers to tailor bundles differently. I think you've had a lot of success, it seems with the Internet Plus product, which is a skinnier video package, but do you think you can get more from the content companies to better tailor and segment the market cycle? Is that a goal?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

So I think it's always a push-pull discussion and I think as programmers have gone direct, few of them as programmers have done some over-the-top services that they participated in which are more skinny and bundled. I think that's provided us with an opportunity to have a more honest discussion with what the consumer wants. It goes back to our conversation about the evolution of the product. Of course, we want more flexibility; of course, we want to be able to segment some of our tiers in ways that customers will find it more attractive; and I think that over time, it's in all of our interest, the programmers and the distributors, to provide what the consumer wants and some of them prefer skinnier bundles or more flexible packaging or a lighter packaging and I think that will be a discussion that we will always have.

By the way, we have it on the other side with NBC Universal in terms of distributors that we do business with on NBC Universal. Would love the same kind of flexibility and those are discussions that are frequent within the industry. But I think bottom line, it's in both the distributors' interest and the programmers' interest to sort of meet what the needs are of the consumer; and if that means lighter packaging and more flexible packaging, then, we should find a way to solve that problem.

Ben Swinburne - *Morgan Stanley - Analyst*

You talked a lot about the products you've been rolling out. In 2015, you're expecting CapEx to be up again versus last year. Can you talk about where those dollars are going, where is the incremental spending focused?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Yes. Again, I have a lens that is an investor lens. And when our teams look at the deployment of X1 and all the benefits that come from X1, not just best-in-class but lower churn, more DVR, more VOD usage, more additional outlets, higher ARPU, higher CLDs, that is a great investment for our Company. When we look at deploying more wireless gateways, which have the best WiFi in the home and people using that WiFi for tablets on the video side and maybe some other services that we can develop in the future. And then, you think about business services where we want to really accelerate that business, we're so well positioned. I think the increase is really all around growth capital. It's all around high return on invested capital, incremental invested capital.

So we are happy to spend an extra 60 basis points of intensity going from that 13.9 to 14.5, because the majority of it is all very high return capital, it's all growth capital and we feel very good about the decision-making of playing offense. We want to play more offense there and we're able to balance all the return on capital things we talked about with the dividend and the buyback; we're also able to keep our strong balance sheet, which is important to us. So all this is done somewhat in a balanced fashion, but one of the big goals is, are we playing offense with smart investments in our core business? And I think the answer to that is, yes.

Ben Swinburne - *Morgan Stanley - Analyst*

Great. I want to make sure we have time to hit NBC and also ask the audience some questions. Let's go to, in the NBC side of the equation, I'm required to ask about the monetization gap.

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Why are you quiet?

Ben Swinburne - *Morgan Stanley - Analyst*

Because I think it was a big focus a couple years ago, but you've had a lot of success, but can you just update us on when you think about the NBC network, you think about your cable networks, what's left in terms of closing that gap versus the market?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

It is still a lot left. Even though we've had success in broadcast and closing some gap on CPMs and retransmission consent, it's an amazing fact. When we bought NBC Universal, we had $4 million of retransmission consent.

Ben Swinburne - *Morgan Stanley - Analyst*

4?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Okay, $4 million, less than what this room costs and the reality is this year, we'll approach $500 million of retransmission consent.

Ben Swinburne - *Morgan Stanley - Analyst*

In 2015?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

In 2015. So we're closing that gap and I know Les spoke yesterday and we're the Number 1 rated network right now. We have some of the best programming, some of the best sports programming. I don't know why we would deserve less than CBS or Fox or ABC or any of our peers. So we are closing that gap. Also being the Number one rated network, I think we had a terrific upfront this year -- our last year. I think we're closing the gap on CPMs and I think we'll continue to make progress on the broadcast side.

On the cable network side, where the other quote monetization gap is, we still have contracts to go through, but we're making progress there as well. The affiliate fees, we think, is still somewhat undervalued, but we're resetting those over time. And on the advertising side, there is a little bit more stress given the ratings, but I think our team has done just a great job. So there are terrific opportunities still left in closing that monetization gap.

Ben Swinburne - *Morgan Stanley - Analyst*

Great. A business that we probably didn't spend much time on when you first bought the asset but has become a lot bigger in the last few years is the theme park business of NBC. Can you talk about the strategy there and whether you can keep the kind of growth rates you've been putting up going?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Well, the reason why we didn't spend a lot of time on it going back seems like five years ago or so was, we owned the Hollywood Park 100% and then we actually owned only 50% of the park in Orlando and that was just a situation when we ended up buying NBC Universal, when you signed on the dotted line. After we closed on NBC Universal, we ended up buying out the other 50% Orlando Park and when you really went through it, our view was they were under capitalized, they didn't have the kind of investment that we thought they needed to have an offensive strategy. They didn't have enough hotel rooms, they weren't feeding the park. What they did do quite smartly is they launched Harry Potter within the Orlando Park, which was an absolute home run.

But you got to continue that momentum and we continue to invest in the parks and the team has done a just outstanding job of executing. We just launched last July, Harry Potter in our other park in Orlando and we are knocking the cover off the ball with attendance and per capita; and we have a plan over time where we're increasing hotel rooms; we're increasing attractions, both in Florida and in Hollywood; and we have a plan to continue to increase what we think is a very attractive business for us. We will launch Harry Potter in Orlando, I guess in 2017. We have a very nice plan of how we're dealing with things like King Kong and a whole variety of attraction. So we think there's great opportunity within our parks in both Orlando and in Hollywood and just look at the fourth quarter numbers. The fourth quarter numbers were incredibly impressive.

Ben Swinburne - *Morgan Stanley - Analyst*

Yes. Let me ask you one more and then, if you have a question, please raise your hand and wait for our microphone. Another one that we used and I've spent a lot of time on that you've taken the business from I think $90 million of EBITDA to $800 million or in the last few years, which is the movie business, what have Ron and Jeff done there to really transform the margins of the business have just gotten a lot better?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

So, I think 2015 will be a great year, by the way, too. We have Jurassic World, we have Pitch Perfect II, we have Fast 7, we have a minion's movie coming out this year. In 2014, it was the highest profitability in the 101-year history of Universal and I think a lot of it is a relative discipline that our team has had; and listen, the movie business is a difficult business to predict, it's a hit-driven movie, we're not kidding ourselves. But we have tried to instill a different kind of discipline in how we build the slate, how we think about the slate over a period of time, and hats off to the team for 2014, we didn't have big [temple] movies in 2014. We had a whole number of medium-sized movies and some of them really outperformed. In 2015, we have some larger movies, but after a heck of a start with 50 Shades did extremely well internationally, off the charts. And I think we feel very good. So Jeff and Ron and their whole team, Donna Langley and so forth, I think have tried to transform how we really construct a slate from a risk perspective and from a management perspective and so far, so good.

QUESTIONS AND ANSWERS

Ben Swinburne - *Morgan Stanley - Analyst*

Yes. Okay, great. Let's see if we have any questions from the audience, please raise your hand and wait for a microphone. Yes, go ahead.

Unidentified Audience Member

Recognizing that you haven't seen what's in the final order, I was wondering if you could comment on the inclusion of interconnects and do you think that that falling under Title II will sort of precise your movement away from settlement [pre-pairing] in the industry, but also towards more heavily adjudicated agreements?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Listen, I don't know, I think the devil will be in the detail on the language. I think we have nothing to hide. We're happy to have those kinds of discussions with the FCC. I'm sorry, I can't see where that individual is. I think we have something like 8,000 interconnection agreements and we've had great relationships with all the folks, where we do have interconnection. So I don't know exactly how this will all play out, because we haven't seen the order, but we're very confident that our relationships with our interconnection partners has been satisfactory, at least the vast majority of them.

Ben Swinburne - *Morgan Stanley - Analyst*

Let's take one more. Go ahead. (inaudible).

Unidentified Audience Member

On the commercial side, I think you said you haven't even started really serving enterprise customers. So what's the timeline [for us] to go after that market and what are the key challenges you see, you face getting there?

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

Yes. So we have to put what we call building blocks in place. At least that's what I call them. So if you go back eight years ago, we started putting building blocks in place for your really small businesses, less than 20 employees and that including customer service, provisioning, sales force, a whole variety of efforts of several thousand people. And I think we've been very successful at that. We now have 20%, 25% market share in that business, of a pretty large market. And then, I want to say about four years ago, we started putting the building blocks in place to go upmarket and that was a different type of provisioning system, more -- making sure we have Metro Ethernet in all of our markets.

A very different salesperson and sales cycle, a different kind of customer service element of that and we've been successful in building that organization and deploying that organization and that business is now I don't know 5% share, but representing about 20% of our entire business services. And now, we're getting to the point where we need to put some of those same building blocks in place, it's clearly a more sophisticated sale, it's a different sale. It's a longer sales cycle, but our team is very focused and starting to put that together. I think it's going to be awhile before we launch quote a real enterprise business. Time Warner Cable will help with that, obviously and -- but we're determined over the next relatively near future, we will have an enterprise effort going as well.

Ben Swinburne - *Morgan Stanley - Analyst*

Great. Well, I think we're basically out of time. Michael, thanks so much for coming back.

Michael Angelakis - *Comcast Corporation - Vice Chairman and CFO*

My pleasure.

Ben Swinburne - *Morgan Stanley - Analyst*

See you soon. Thanks, everybody.