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# EDITED TRANSCRIPT

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## CORPORATE PARTICIPANTS

**Steve Burke** *Comcast Corporation - EVP, CEO of NBCUniversal*

## CONFERENCE CALL PARTICIPANTS

**Jessica Reif Cohen** *BofA Merrill Lynch - Analyst*

## PRESENTATION

**Jessica Reif Cohen** - *BofA Merrill Lynch - Analyst*

We are thrilled to have Steve back with us. He is the Executive Vice President and CEO of NBCUniversal. As most of you know, Comcast has been our top pick, and our view is that NBC is the hidden gem -- NBCUniversal is the hidden gem in the Company.

So, Steve, if you could join me for Q&A. Again, thanks so much for coming. Thrilled to have you.

So it's been a year and a half or more, a little bit more since you formally took control of NBCU. How has your view of the content industry changed? And I guess -- well, let's start with that.

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**Steve Burke** - *Comcast Corporation - EVP, CEO of NBCUniversal*

So, we closed the deal with General Electric in January, I guess 19 months ago, 18 or 19 months ago. In some ways we feel like we have been associated with NBCUniversal for longer than that, because we had over a year between signing and closing due to the governmental process.

I think we're ahead of where we thought we would be. We feel like we've done a lot, made a lot of progress, still a lot to go.

If you look at the most major things we've done, I think we changed out two-thirds of the very senior management team. We now have a completely new team, and those -- the teams have sort of filled out their teams.

So taking NBC Entertainment as an example, we hired Bob Greenblatt as the new head of NBC Entertainment and he has now fully changed out his team. He's got all of his people in place. And this is really his first fall where it was his development, his people developing it, his scheduling, everything else.

So we've gotten that done. We've changed, I think, the priorities of the Company.

We've moved from a focus on quarterly results to a focus on long-term results. We think we have focused everybody on operating cash flow as the metric that counts. Long-term growth and operating cash flow, which sounds like a simple thing, but I think if you don't have one metric then people -- everyone has their own way of viewing things. And we wanted to make it clear it was operating cash flow.

And then we are running the Company in a way that in a really fragmented world I think benefits each of our individual businesses, by making sure that we take advantage of scale. We call that Symphony.

And the Olympics were an example, I think, of running the Company as a bunch of different businesses that are there to help each other. But we've done it with The Voice and Lorax and a bunch of other things. So I think that has been a significant change.

We've also made a lot of investments. A lot of the investment decisions came at us very quickly. And with 20/20 hindsight, even though there were times when we felt they came at us too quickly, I think we are very glad with the decisions we made.



Right after the deal closed we bought out Blackstone's 50% interest in Universal Studios Florida for about \$1 billion. That has proven to be a good decision.

We then got called to Lausanne to bid for future Olympics. We ended up winning -- we were the winning bid for two quads, they are called, for a total of eight Olympics -- for a total of eight years and four Olympics.

And the price increase for the next four Olympics is basically an inflationary price increase. So based on how we did in London, we think that decision was a very good decision. And that was a big one; that was a \$4.3 billion decision that we made several months after the deal closed.

Same thing with the NFL. We extended our NFL deal nine years, an \$8 billion decision. We made that decision about a year ago.

And with 20/20 hindsight and based on ratings we had record -- we had the highest single Sunday Night Football rating we've ever had in the history of the franchise this past Sunday. And based on ad sales and how we did in the Super Bowl and how this season looks, we are very happy with the deal we made with the NFL, and a variety of other decisions.

On the raising capital side, we sold our 16% position in A&E, History, and Lifetime for a little over \$3 billion. So we have made a lot of big decisions.

We've invested in a lot of the businesses, invested in the cable channels, and obviously invested in NBC. So we've done a lot of things, but we still have a lot of things to do, to go. A lot more work to be done.

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**Jessica Reif Cohen** - BofA Merrill Lynch - Analyst

When you look out over the next year, can you -- I know you typically think -- when you ran the cable company you'd always say here are the top buckets. What are your top three priorities for the coming year?

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**Steve Burke** - Comcast Corporation - EVP, CEO of NBCUniversal

Well, number one is NBC. And the way we think about NBC -- it's interesting; I saw Les Moonves at the U.S. Open and we were remarking that people for 20 years have been predicting that the broadcast business was going to be a terrible business or go out of business. And here we are 20 years later and it actually looks better now than it did 5, 10, or 20 years ago.

But basically, we -- the four big broadcasters all have essentially the same infrastructure. We all have own stations in most of the major markets; we all have syndication groups; we produce a lot of the shows that we put on our own air and sell those into syndication; and we all have networks that reach approximately 100% of the people in the United States.

So if you imagine four companies that each have the same infrastructure, and yet one company is making on average \$1 billion a year less than the other three companies. We have the same infrastructure, we spend the same amount of money, and yet each of our competitors makes somewhere between \$700 million more than we do all the way up to maybe \$1.5 billion more than we do.

And there is really no reason for that, other than we need to make better shows, we need to schedule them better, we need to rebuild NBC brick by brick, which is the process that we are going through right now. I look at that as a tremendous opportunity.

If you have three competitors and doing as well as the worst of the three adds close to \$1 billion of EBITDA or OCF to your company, to me that's a big opportunity. Now, it's an opportunity that you can't grab in one year, and it's an opportunity that you need to have patience and put the right people in place and invest.

But broadcast is a tremendous opportunity. The NBC owned stations got all the way down to making less than \$150 million a year, and this year they should make well over \$400 million.



Now this is a political year. This is an Olympics year. But we have made real progress in fairly short order just by reinvesting in local news and developing syndicated shows like Steve Harvey and really putting our attention back to that broadcast business.

So NBC is a huge opportunity and something that is a priority for the Company that -- it's hard to find many priorities where you could add \$1 billion in operating cash flow just by doing things better.

Another priority -- we have tremendous cable channels. We have 15 cable channels that generate about 80% of the OCF of NBCUniversal. We have the number-one cable channel in USA, but we also have Syfy, Bravo, E! Entertainment, NBC Sports Channel, Golf, really a fantastic -- CNBC, MSNBC, fantastic portfolio of channels.

Eight of our cable channels make over \$200 million a year. So we have eight huge businesses there; and obviously USA makes a lot more than that.

We think our cable channels are terrific, and we have a portfolio of cable channels that is very unique and very important to the Company. But we don't think that we fully monetize those cable channels.

If you look at our affiliate fees, despite the fact that USA is the number-one cable channel measured in terms of ratings, its affiliate fees are substantially lower than other general entertainment cable channels like TBS or TNT. If you look at advertising, our CPMs for our big cable channels we think in some instances are 25% or 30% below others.

So the key with the cable channels is to continue to invest and make sure that we have great ratings, but also monetize our position better than we have historically. And I think we've made some real progress in the upfront.

USA and Bravo both had very industry leading -- we believe cable-industry-leading CPM increases. And we are very insistent that we get paid what we deserve. And over time, when the affiliate contracts come up with our cable and satellite distributors, we expect to do better in terms of cable.

So that is a real opportunity. And then the final, if you want me to do three -- I could do five or 10. But if you want me to do three, the final one that we are excited about is our Theme Park business, where we have made a number of investments.

Harry Potter is probably the single most successful new theme park attraction of all time, a tremendous advantage to Universal Studios Florida. Was launched before we got there, so it's not something that we are taking credit for, but just unbelievably successful and really transformed how people think about Universal Studios Florida.

20 or 15 years ago, people would think that Universal Studios Florida was a place that you would go if you had some extra time after you visited Walt Disney World, particularly if you had teenagers. And now with Harry Potter I think you have a lot of people coming to Florida, to Orlando, to Universal Studios as a destination because they now realize it's a fully formed place.

But we have tremendous opportunity in our Theme Parks. We have 2,400 hotel rooms today; we probably should have 10,000. Hotel rooms are strategically important because if people stay in your hotels, they spend an extra day in your Theme Park.

So we just recently announced we are building with Loews. We are building another 1,800 hotel rooms. I think historically we have underinvested in new attractions, so we are now getting ourselves into a cadence of more aggressive new attractions.

We really like the Theme Park business. It reminds us of the cable business, cable distribution business in that there's capital expense associated with it; but if you build it they will come. And we intend to use that as a growth engine.

If you think of all of NBCUniversal, you basically have some very stable businesses that throw off a lot of cash -- the cable channels and the Theme Parks -- and then you have some businesses that are underperforming. I look at it almost like a stock that has an option attached to it. Our underperformance would be NBC and our film business, that if we can bring those back to industry averages or standards, then all of a sudden you've got the option value on top of these very predictable cash-generating businesses that are currently the core of our OCF.



**Jessica Reif Cohen** - BofA Merrill Lynch - Analyst

Could I just follow up a couple things you said? So you said the upside for the network is \$1 billion if you can perform at a level in line with your peers, at least \$1 billion, maybe more if you exceed that.

Does that include the O&Os? Does that include Telemundo?

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**Steve Burke** - Comcast Corporation - EVP, CEO of NBCUniversal

Yes. It includes all of NBC. We think there is a billion-dollar opportunity.

When we look at broadcast, we think the right way to look at broadcast is owned television stations plus syndication plus network. If you combine those three we are making a little money, but not very much. And by our estimate if you look at TBS, Fox, and Disney on average they are making over \$1 billion, if you look at those three as an ecosystem.

Telemundo is another story unto itself, where Telemundo we think that -- we believe that Univision before debt service is making something like \$900 million a year. Telemundo, with the same kind of infrastructure -- television stations nationwide, Hispanic national network -- is making less than \$50 million a year.

So if you look at that business right now Univision has about 75% or 8% marketshare. We have 25% or 30% marketshare and essentially the same infrastructure. So you could argue that Univision stations are a little bit stronger, but to me that is an opportunity.

Again, there is no real reason. We are both programming the same number of hours.

And the beauty of these businesses, whether it's the broadcast business or some of the other businesses, once you start to perform, once you start to get the ratings there is no increased variable cost at all. So we think broadcast in general -- most near-term and most-talked-about NBC, but also Telemundo is a big opportunity.

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**Jessica Reif Cohen** - BofA Merrill Lynch - Analyst

Right. Then on sizing the upside for network, the cable networks, is there a range? Because you say you've compared yourself to TBS, TNT and how you are under-monetizing versus similar channels.

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**Steve Burke** - Comcast Corporation - EVP, CEO of NBCUniversal

Well, the cable networks I think in 2011 made something like \$3.3 billion, something like that. And I think over time -- and it's frustratingly slow in some respects -- over time there is a significant increase there to come from affiliate fee parity and from advertising parity.

But just to give you an example, on the affiliate fee side we have existing contracts, and maybe 25% of our contracts reset this year in 2012. So if you believe your affiliate fees are lower than they should be, and NBC currently makes essentially no money on retransmission consent -- I read somewhere that CBS I think this year is about \$250 million on --

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**Jessica Reif Cohen** - BofA Merrill Lynch - Analyst

They said minimum \$250 million.

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**Steve Burke** - Comcast Corporation - EVP, CEO of NBCUniversal

Minimum \$250 million on retransmission consent. There is really no structural reason why NBC shouldn't make the same amount of money as CBS makes on retransmission consent.

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**Jessica Reif Cohen** - BofA Merrill Lynch - Analyst

For the record, they said \$1 billion by 2016 or '17.

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**Steve Burke** - Comcast Corporation - EVP, CEO of NBCUniversal

Well, I think what's going to happen in retransmission consent is all of the networks are going to get about the same amount once everybody flows through their deals, gets certain breakthroughs and certain people who are tougher or get there first. But we have football, they have football. We have the Olympics. Their network in prime time is doing better than we are.

But in general, I don't think many distributors relish the idea of doing business without CBS or NBC. And over time I think we will all make about the same amount.

But we can only address 25% of our distribution base this year because only 25% of the contracts are up. Now, if you go out four years, essentially all of our contracts are up by the end of 2016, and then we should be at parity with the other broadcasters, which again is another upside.

But it takes time. You just can't snap your fingers. And I think to a degree NBC was a little bit behind, and then during the pendency of the deal there really was no way to advance the ball too much. But we will be right there.

If you then say -- well, how fast can you do the advertising side? That is another one where you chip away.

When you go through the upfront every buying agency and every client compares the rates you are charging to the rates you charged the previous year. And if you are trying to -- if you believe you have an -- we call it an entitlement gap of 25%, you can't go in and say -- okay, I want a 35% raise this year.

You chip away at that entitlement gap a couple, 3 percentage points a year. But it's real money and it requires a discipline and a willingness to be tough and a willingness to say we're in this to drive the operating cash flow of the Company.

And we are on that process. We're making some progress, and to me that is one of the real upsides the Company has over the next three, four, five years.

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**Jessica Reif Cohen** - BofA Merrill Lynch - Analyst

Right. So let's drill down to an event this past summer which exceeded everyone's expectations, which of course is the London Olympics. You aired the game across nine broadcast and cable networks, and I think you broke records with the PC tablets or the nontraditional viewing, which is really the first major TV Everywhere event.

So I guess a couple of questions on this. What do you think the greatest lessons learned were from stewarding a sports property of this size? What can you -- where can you go from here?

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**Steve Burke** - Comcast Corporation - EVP, CEO of NBCUniversal

Well, this was our first Olympics under our leadership, so you -- I don't think there are any higher stakes for a company. Our rights fee for London was well over \$1 billion. And then you have, obviously, the cost of production and everything else.

And the Olympics occur over 17 days. We had 2,700 people working in London, about 800 people working in New York.

They affect literally every single part of our Company. Every single part of our Company promoted the Olympics. As you mentioned, many of our cable channels carried the Olympics.

So I can't imagine anything where the stakes were higher. We were very fortunate. The biggest variable in terms of performance is the strength of the US team. Essentially the Olympics are a 17-day documentary or 17 nights in a row of a show, and the real content of that show is the performance of the aesthetes that are from the United States team.

And we were very fortunate to have a number of great stories -- as was the case in Vancouver, as has been the case in the last few Olympics, Beijing. But you never know.

And it's particularly important in the first week. You really want to establish a pattern. You want to get Americans coming home at night and looking forward to the Olympics.

So it's very, very important how the US swim team and women's gymnastics, men's gymnastics, how those stories unfold. And we were very fortunate.

I think we were also fortunate for a whole variety of reasons. People were ready for a big event and big-event television, a chance to sit down and concentrate on something positive, given what's been going on in the world the last few years.

So I think we were fortunate. I also think we took advantage of that fortune.

We did a number of things that were different than we've ever done, that NBC has ever done. The most controversial inside our Company -- you make 80% of whatever you're going to make in the Olympics in prime time. People just don't watch -- there aren't enough people watching television at 2 o'clock in the afternoon on a Tuesday to take away from the importance of prime time.

About 80% of our revenue needed to pay back the rights fee and the production costs comes out of prime. So prime time in Europe, prime time in London, was 1 o'clock in the morning till 5 o'clock in the morning on the East Coast.

So, obviously, nobody was swimming or doing gymnastics or running at 3 o'clock in the morning. So by definition, none of the events would be live in prime time.

That was the case in Athens. Was not the case in Beijing; Beijing is far enough east that the swimming and gymnastics were done in the morning so that they could be in prime time in the United States. Michael Phelps, all of his medals were actually live in Beijing; not live in Athens.

So the biggest question was what do you do if Michael Phelps wins a medal at 1.30 in the afternoon? What do you do?

Historically in Athens in previous Olympics, NBC always would kind of black-out and hope that no one knew that Michael Phelps won the Olympics at 1.30 in the afternoon. As the Internet became more and more sophisticated, and particularly with streaming video, we realized that wasn't an option -- that everybody in America that cared was going to know that Michael Phelps won a gold medal at 1.30.

So what we decided to do was the rather than have a blackout and have Brian Williams go on the nightly news and not mention Michael Phelps and have our website say results tonight or something else, and try to -- what we tried to do is embrace social media and embrace the Internet and see if we could, by that embracing, increase the prime-time viewership.



So what we did is we streamed live on the Internet a raw feed of every event. So Michael Phelps would become on at 1.23, whenever he swam, and that would be live. And we put that streamed event into the TV Everywhere ecosystem, so if you were a subscriber of Comcast Cable or a subscriber of DIRECTV you could see Michael Phelps live.

And then we embraced social media. We actually had our people going out into Facebook and Twitter and YouTube, uploading segments. We had people from Twitter, YouTube, and Facebook actually sitting inside our control room and doing things and tweeting out.

And what we found was that all of that social media actually enhanced broadcast ratings. So what would happen is we would stream Michael Phelps at 1.23 and maybe 800,000 people would see that live stream. But those 800,000 people more likely than not would each tell five people -- it's an incredible race, you've got to see it tonight.

Our belief is that the number of people that would then tune in was 10 times the number of people that would have been cannibalized. And by the way, the majority of the people that would see Michael Phelps at 1.23 in the afternoon would also see him that night in prime time.

So, believe it or not, inside our Company this was a huge debate. People went back and forth and said if you spoil the suspense people won't watch prime time. And the reality is we think it clearly enhanced.

The overall ratings -- we thought the ratings would be on par with Athens, which was the last European Olympics. In reality, we were 20% higher than Athens.

We never thought we would touch Beijing, because Beijing had all those live events. We ended up being 8% above Beijing, and we were significantly higher than any of our estimates.

When you then break down the numbers, people -- really kids under the age of 18 we were up 25% versus Beijing. When you then go into that, the biggest increase was from people that were in Facebook and Twitter.

We think that that's very good news, because we have eight more years of Olympics and those young kids are going to grow up -- and that phenomenon was not occurring in previous Olympics. The Olympics were actually slightly aging. And now because of all that social media the Olympics came straight back.

So in terms of the lessons that we have learned -- and this is something that we've always thought at Comcast Cable and are increasingly positive about -- in a really fragmented world what you want to do is you want to be present in as many places where people are present as you can. So when you launch a show like The Voice, if you have 15 cable networks you should promote The Voice on all 15 cable networks not just on NBC.

You should take advantage of the fact that you are a sister company with Comcast Cable. And if Comcast Cable has 25% or 30% of all video-on-demand consumption in America, you should have The Voice on the Comcast Cable video-on-demand infrastructure before the show comes out.

So, we feel really strongly that one of the advantages of our scale is that each part of the Company can promote other parts of the Company and that if we say we're going to get behind the Olympics it can be an advantage. There is all sorts of evidence that in Comcast markets we performed better than we did in non-Comcast markets for the Olympics, and people who consumed Olympic clips on YouTube or in Facebook were more likely to watch at night.

So we think we're on to something and intend to take those learnings and spread them throughout the Company.

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**Jessica Reif Cohen** - BofA Merrill Lynch - Analyst

Well, on that topic, one of the things that struck us was Brian said on that second-quarter call from -- he did it from London. He said you were marketing 100 days before the event (technical difficulty).



So what kind of -- that cohesive marketing that you had, which drove so much of the viewing, is -- do you -- are you saying you can -- did it help NBC's schedule and what other properties across NBCU will you use it for?

**Steve Burke** - Comcast Corporation - EVP, CEO of NBCUniversal

Well, there are six major media companies, and the six major media companies by and large have cable channels; four of the six have broadcast; most of the six have film. And most of them have -- all of them have significant scale.

Our feeling is if you are one of those, if you're fortunate enough to have that scale, you need to use it. So we make it clear to all of our cable channels -- whether it is Syfy or Bravo or E! Entertainment -- that 100 days before the Olympics you are going to dedicate a portion of your inventory, your television inventory, your crosspromotional or advertising inventory, to promote the Olympics.

And we would theme the promotions to the channel. So if it was Bravo and we knew that Bravo had a female-skewing audience, we would have a lots of gymnastics promotion, and we would try to get as many of Bravo's users familiar with who the gymnastics stars were going to be.

And we do that during the buildup to one of these big properties. And then after the -- and then during the property is the payoff for those channels.

So take the case of the fall launch. We decided to launch the NBC fall schedule two weeks early. We actually launched three nights ago, Monday night; The Voice launched and some of our sitcoms launched.

During the Olympics we promoted the fall schedule very significantly. We also -- one of the nights we ended the Olympics early and played a show called Go On so that it would get a lot of trial during the Olympics; we did it again with another show called Animal Practice the last night of the Olympics. So that when Go On premiered Tuesday night of this week it had already been seen by 30 million people before the show premiered.

And so -- and we think sampling is really, really important when you've got hundreds of new shows coming out, getting that kind of sampling. So the spirit of it is that you pick a half a dozen key things during the year. A key thing could be the launch of the fall schedule, it could be the Olympics, it could be a big new film like The Lorax, it could be -- really could be anything inside the Company, and that every part of the Company promotes it, no questions asked -- which is easier said than done. It is hard to instill that culture and then police it and make sure that happens.

But then when those big events work they can then promote other parts of the Company and pay back that cycle. And we'll see.

We launched -- we started the fall schedule on Sunday with Sunday Night Football. We obviously won Sunday night; Sunday Night Football should be the number-one show on TV this year.

We came back with a two-hour episode of The Voice on Monday night, and we won Monday night. Then we came back on Tuesday night with The Voice leading into Go On and The New Normal, two new sitcoms; we won Tuesday night.

And then last night, we had a one-hour special of The Voice, which beat THE X FACTOR. And then we had a show called Guys with Kids that came on after The Voice that we think got a lot of sampling and did quite well. So we'll see.

Our fall is four days all old, and hope springs eternal, and a lot of things need to happen and break the right way. But really the message that I would leave is we are trying to use things like the Olympics.

We like to break even on anything we do, including sports. And we did with the Olympics, which was great because there was a time when we look at the numbers -- we actually thought we would lose a couple hundred million dollars in ad sales. And everything came in better than we thought.

So cash on cash, fair way to look at it, we are breaking even. But the value to the rest of the Company is very significant when you look at what the Olympics did for the fall schedule, the launch of The Lorax DVD, our Theme Parks, other parts of the Company like USA and Bravo.



**Jessica Reif Cohen** - BofA Merrill Lynch - Analyst

Right. One other question on the Olympics and we will just try to move on. When you think about that amazing performance that you had, what are the longer-term benefits besides the promotional, in terms of retrans or affiliate fees? Can you -- there are -- it [does] seem logical that there would be.

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**Steve Burke** - Comcast Corporation - EVP, CEO of NBCUniversal

Well, you know, I think the Olympics makes everything better. It affects our affiliates; it affects our own stations. We went out and took all of our news operations and made sure that the day that the Olympics started every one of our news operations had a new set, in some cases new talent, a new look.

And it clearly affects the value of NBC. Who does not want to carry NBC during the Olympics?

And it is -- there is no question that the Olympics are helping NBC Sports Channel. So it really goes through all parts of the Company.

I think the thing that made us most excited is we made a huge bet, a \$4 billion bet, four months after this new Company came together, that Olympic ratings were going to be good, that advertising was going to be good. And the reality is the bet that we made, we ended up doing \$200 million better than the base year for the next four Olympics.

And I am not saying that every one of those four Olympics is going to make \$200 million. But we are certainly off to a good start.

Our calculus was that even if we lost \$200 million in London we could break even on the next four. And breaking even in London would suggest that we have four more Olympics to look forward to that are under contract that should make some money.

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**Jessica Reif Cohen** - BofA Merrill Lynch - Analyst

Okay. Let's switch gears a little bit. Can you update investors on your thinking about acquiring GE's stake in 2014? When does the final valuation of that actually get determined?

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**Steve Burke** - Comcast Corporation - EVP, CEO of NBCUniversal

Okay, so the way the original deal with GE worked, which is now a year and a half ago, was that at a three and a half year point and a seven-year point, there was a mechanism in place where GE's 49% stake would go down by half and then be completely bought out. So, that is now about two years away, is the first click. We sort of look at it as a purchase that we made but GE financed 49% of that purchase, with a mechanism for us to buy GE out over a seven-year period.

If you look at it from a Comcast point of view, you've got Comcast Cable generating free cash flow, which is then returned in some measure to shareholders. And on the NBCUniversal side we generate a certain amount of cash flow that stays inside NBCUniversal, builds up, and assuming we hit our business plan will be used to buy out GE.

To further complicate things we have a 50% carried interest. So if we perform well, we get the 51% of the performance that we own outright, and then 50% of the other 50%. So in effect, roughly 75% of the upside.

So there is no real rush on our part to buy out GE, but the first time we will be confronting that will be in 2014, when mechanically we go through an appraisal process and we are required to purchase about half of GE's remaining stake. And then it happens again roughly five years from now.

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**Jessica Reif Cohen** - BofA Merrill Lynch - Analyst

Advertising, you were impacted across the board in Cable Networks, broadcast, local, national, et cetera. Can you give us your current views now that the Olympics are over? What are you seeing in general in the market, all the sectors, and what are you seeing from political?

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**Steve Burke** - Comcast Corporation - EVP, CEO of NBCUniversal

So, we -- if you look at the NBCUniversal business we have about \$8 billion of annual advertising. It's about 30% or 25% local, a little less than that; and 75%, 80%, 85% national, primarily national. But \$8 billion at NBCUniversal.

And then Comcast has a local spot television advertising business which has gotten very big. It's over \$2 billion now.

So the combined Company has \$10 billion worth of advertising revenue every year, which I think makes us the biggest advertising source in the United States, and that business is quite healthy.

If you look at sports it's a very healthy. The Olympics, our budget was \$890 million and we went well over \$1 billion on Olympic advertising. So, Olympics very strong.

And then football very strong. I think a lot of people have been talking about how strong that market is.

The national and local markets are very different. Local, you've got the car companies have come back into local spending in a nice way; and then of course you've got political. So local business particularly in places where you have a hot, contested presidential race, very, very strong. In other places, fine, just fine.

And then on the national level, we're in kind of a slack period in the sense that you have the Olympics just ended. We did so well it was -- that is where people were -- a lot of big advertisers were spending their money. Then we come right into the conventions and the fall season is just starting. But I think the national advertising climate is just fine.

I think the economy seems to be getting a little bit better. Car companies are back in.

And a lot of it depends on your performance. If you have networks that are doing well, scatter prices are just fine.

So I think we are feeling good about the advertising business. We had a very strong upfront, in our view. And now the real key for us, the thing that we are focusing on is getting some momentum at NBC.

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**Jessica Reif Cohen** - BofA Merrill Lynch - Analyst

I will ask one more question, then we have to open it up because we are like already running out of time. And we have covered -- so much more ground to cover.

But international, it seems like just not -- hasn't been a really big focus or -- in terms of like what we see. Could you talk about what the opportunity is and what the time frame would be for you guys?

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**Steve Burke** - Comcast Corporation - EVP, CEO of NBCUniversal

Well, if you look at the percentage of revenue, or OCF I'm sure, that comes from international, we are way behind Fox, News Corp., we are way behind Disney, we're way behind Time Warner. And the revenue that we get internationally, 50% of it comes from our theatrical film business.



So I think international is a very big opportunity. You look at some of these businesses -- the film business, over two-thirds of your opportunity is outside the United States and that's only going to grow as more markets open up and more emerging markets -- and emerging markets grow faster than the United States.

So I think we have a very unique, large international opportunity. It's going to take time. We moved one of our long-time Comcast executives, Jeff Shell, over to try to help us grow those businesses. And he has done some great things in terms of really making sure that we act as one Company internationally, but would like to see us get back to where our peers are in terms of the strength of their international businesses, realizing some of them have been at it for years.

You look at News Corp. and the things Rupert Murdoch has done for decades to build what News Corp. has internationally now, it's not going to happen in a day. But there is a lot of opportunity.

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**Jessica Reif Cohen** - BofA Merrill Lynch - Analyst

Okay. Let's open it up. Are there questions from the audience? Okay, I'll keep going then.

It seems like you've invested a lot in Telemundo. You have been investing in it, but you have had inconsistent success. What level of confidence do you have that Telemundo will achieve more consistency.

And you mentioned 25%-ish kind of share, but not that much EBITDA. Can you give us some color on that asset?

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**Steve Burke** - Comcast Corporation - EVP, CEO of NBCUniversal

Well, we've invested last year and we're investing this year. Actually Telemundo's ratings -- they were the only Spanish-speaking network where the ratings were up last year.

And our investment last year -- EBITDA grew last year and grew this year, admittedly off a small base. So it's not like we made a big investment and it's going backwards.

I think a lot of it is just blocking and tackling and making sure that we are spending the money intelligently, making sure that our owned station group is as strong as it can be, making sure that our lineup is strong. We went out and got the Spanish-speaking rights to the World Cup, which starts in a couple years, which will be huge.

We put the Mexican soccer game on during the Olympics on Telemundo. The Olympics were very good to Telemundo.

So again, I don't think Telemundo needs to step backwards in terms of OCF. I think it's a little bit like our owned station business, that you can make investments that pay off fairly quickly.

But I think there is tremendous upside there, and we have a brand-new team in place. We have the first Hispanic President of Telemundo in its history, Emilio Romano, who we put in place a little over a year ago. And he and his team are making great strides, and I think eventually you are going to see real results there.

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**Jessica Reif Cohen** - BofA Merrill Lynch - Analyst

Okay. Then on Theme Parks, you mentioned that you just announced with Loews 1,800 rooms. What is your longer-term vision? What can you do in Florida and California?

Disney is building Avatar Land. Is that going to be a positive or a negative for you? Will it bring more attendance to Florida? Probably.



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**Steve Burke** - Comcast Corporation - EVP, CEO of NBCUniversal

I think with Universal Studios Florida and Hollywood what we have to do is consistently bring out great new attractions. It's not so much -- it's easy to say, well, we are competitive with Disney. Disney is so much bigger than we are, so successful, that my feeling is we should really concentrate on building out our own business.

And the opportunities are so big, I think we need to step up the number of hotel rooms we have. I think we need to consistently open major new attractions. We shouldn't have gaps where we open an attraction and then there is no major new attraction in Florida or Hollywood for two years.

And I think we are just beginning. I think were in the early innings of where both of those Theme Parks can start.

We're also in business outside of the United States, and we need to keep going there as well. Again, we think it is a really good business.

It is hard for us to imagine that we can't grow those businesses as long as our creativity is what it should be, as long as the parks are clean and the service is where it should be, as long as we're making smart investments. Those are businesses that should be able to grow for years and years and years.

We went out after the great success from the first Harry Potter, which opened a couple years ago. We went back to Warner Bros. and J.K. Rowling and got the rights to do a second Harry Potter in Florida, a first Harry Potter in Hollywood, a first Harry Potter in Japan.

And you will see us continue to go out -- and if we don't create the intellectual property, which is something that we want to do, we have an animation group called Illumination that has been tremendously successful with Despicable Me and The Lorax and will be coming out with Despicable Me 2 next year. We want to make sure that that intellectual property is in our parks.

There is a Despicable Me attraction, very popular, that just opened in Florida. It's going to open in Orlando soon. So we want to keep that cycle going.

I think if you are going to create -- if you want to have a great entertainment company that is fully formed and has all of the parts of the company working together, you want to have a great animation group and you want to have a great theme park group, and you want them to work together.

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**Jessica Reif Cohen** - BofA Merrill Lynch - Analyst

So one last question since we are already out of time. But we didn't really talk about film, and you mentioned animation. You've had positives and negatives in the film division.

Ted was a huge positive. You've had some negatives we don't really need to talk about. But Lorax has been huge and Despicable Me.

So just talk about your vision for film and where you think you can take it. Is it important to have simply because of Theme Parks?

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**Steve Burke** - Comcast Corporation - EVP, CEO of NBCUniversal

Well, I think the film business of all of our businesses is certainly one of the toughest. It's not for the faint of heart. I don't think there is any way to fully take the volatility of the film business out, and we have had our ups and downs in the last 18 months.

I think our strategy now is to try to take advantage of as many franchises as we can. And one of the things we've done well -- Adam Fogelson, Donna Langley, Ron Meyer have done a good job this year reinvigorating some existing franchises. We took the Bourne franchise, and we would have actually lost the ability to continue to make Bourne films if we had not done a Bourne film this year. We came out with Bourne Legacy; that did well and we are encouraged by the results there, and you will see future Bourne films.



We took American Pie, which hadn't been out for a decade, and came backed with American Reunion, dusted off that franchise. So you will see that, I think, in the future.

And then we are very happy about Ted, which we'd like to see a Ted 2 as soon as we can. That was a real winner.

But I think one of the ways you make the film business from an extremely difficult business to a better business is you concentrate on franchises. Next year we have Despicable 2 which I think should do very well, and another in the Fast and Furious series. We did Fast Five, worked very well, and we're going to do Fast Six next year.

I think the two parts of the film business which appear to us to be the things you really need to make sure you do well in are getting franchises which create sequels and animation. In animation, Chris Meledandri and Illumination are really a gem inside our movie company.

The key there is to go from making one film every 18 months to making eventually two films a year so that you can count on that great animated product. And we are really looking forward to Despicable Me 2.

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**Jessica Reif Cohen** - BofA Merrill Lynch - Analyst

That's great. Thank you so much, Steve.

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**Steve Burke** - Comcast Corporation - EVP, CEO of NBCUniversal

Thank you, Jessica.

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