PARTICIPANTS

Corporate Participants

Michael J. Angelakis – Vice Chairman & Chief Financial Officer, Comcast Corp.

MANAGEMENT DISCUSSION SECTION

Unverified Participant

Okay, great. Okay. We'll get started with Comcast. So for the U.S. portion of the day, we are obviously very thrilled to start with Comcast and welcome Mike Angelakis, Vice Chairman and CFO of Comcast; and Marlene Dooner, Head of IR.

Comcast is one of our top picks across the media spectrum, and we're thrilled to have Mike join me for a fireside chat. So we'll do – unlike Vodafone, we'll do mostly Q&A here, but we will definitely leave time for questions from the audience.

And, Mike, I'd like actually to start with the place where most people don't normally get to, and that is NBCUniversal. In our view, it just seems to have so much upside if your management team executes well.

So in your view, what areas of NBCU presents the most upside and if we could run through some of the division. The Cable Networks seem to be very strong and have the potential to get much stronger as the – what Steve Burke calls the entitlement gap closes. Can you give us any sense on timing of both for the affiliate fee gap and also the advertising CPM gap?

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

Okay. So let's go through NBCUniversal a little bit. Obviously if we didn't share your enthusiasm for upside in the asset, and you should assume that we've now managed it for over two years and have a plan for each of the different business segment that we would not have been proactive in accelerating ownership of the other 49% that General Electric owned.

So we have real confidence in the plan that's been laid out by business segment where we think we have outsized revenue, operating cash flow and free cash flow growth, which are three really important metrics to us.

NBC, which is the network, the television network, we think has a real upside. It is underperformed substantially for a number of years. It's been in fourth place for a while. And we look at sort of three areas there that we think are great opportunities. One is basically putting better programming on that have higher ratings, which allow us to get better CPMs. And being in fourth place, we've been in sort of the bottom ranks of where that is both in ratings and CPMs, and we think we're making progress on that.

Another really important area is retransmission consent, which I think is actually an area that has more what I call line of sight. We have much more visibility in the ability to garner those results. So broadcast network we think has a number of areas, including syndication which I know just you and I have spent some time talking about, those are kind of three areas that we think have real upside in the broadcast network.

Now you brought up our cable portfolio of networks, and we have a phenomenal brand and portfolio. And I was actually, last night, here in London, looking at CNBC and sort of just the franchise that that is here in – or globally. And I think we also have some real upside there both in two areas, some related to the broadcast side, both in affiliate fees, which I think is related to broadcast, because when we negotiate MVPD contracts, we tend to negotiate both retransmission consent and affiliate fees and then CPMs as well.

And I think a little bit different from broadcast, we actually have ratings, but were not garnering the CPMs we should. And that's what I think Steve was referring to as an entitlement gap where we're generating the ratings, but not the CPMs.

So on the cable portfolio, I think it's a terrific portfolio, generates a lot of free cash flow and operating cash flow for the business, but still real upside as we renew contracts.

Another area, which one of other segment is parks, and we're happy to talk more about parks. But the parks group has done a phenomenal job of building that business, and we think there is actually more opportunity there. So we're very optimistic about NBCUniversal in terms of the different segments. And I think we've got a great management team. I think things have settled down when you take over transition, and it's really just about execution on our plans.

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So on the retrans [indiscernible] (04:18) reverse comps and the affiliate fees, so it sounds like everything comes up roughly at the same time. Can you give us any sense of timing of when the next kind of round of negotiations, meaningful round of negotiations are?

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

Okay. So let me just reset and it's sort of retrans and affiliate fee is somewhat connected, right, because as you negotiate these new contracts. We generated just in retrans a de minimis amount in 2011, I mean sort of single-digit millions. In 2012, that number jumped to just under $40 million. In 2013, that number will be $200 million-plus.

And you can extrapolate from there over a period of time. You can also listen to comments from other broadcasters about what their hopes are for retransmission consent. And you can see a pretty easy path of how that number will grow exponentially. And that's kind of my line of sight, where you know it can happen as contracts turn over.

In 2012, we renewed about 25% of the base. And over the next four years or so, we'll renew the other 75% of the base. So we feel confident that retransmission consent is materializing and reverse comp as well. And we'll garner those over the next few years.

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And then just to stay at broadcast for a second, can you talk a little bit about station margins, where they are now, where they're going? Also, Telemundo is another area...

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

Yeah.

Unverified Participant

... that seems to have a lot of promise into the Hispanic population. It is the fastest-growing segment of the population in the U.S. What – expectations there?

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

So expectations are it does very little in terms of operating cash flow, growing, but we have about 20% of the Hispanic market with Telemundo. So if you sort of say, geez, your profitability is not very material, we have 20% of the Hispanic market with a large player being Univision. We look at that and say that is a great opportunity for us.

We've sort of retooled management. We've retooled some of the programming. And that's a whole other area, whether it's getting better ratings or closing that monetization gap or entitlement gap we've talked about in terms of advertising or getting retransmission consent, which we are getting in Telemundo.

So I was remiss in not mentioning Telemundo, but I think in a smaller scale to NBC, that is another opportunity. So it's another way of saying when we looked at all the different business segments and frankly sub-segments within NBCUniversal, we saw incrementally a lot of opportunity that just boils down to executing. But some of that – those execution areas are very much line of sight where the market is there. And all we're trying to do is reset to market, and that's really important to us.

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And the TV stations, will...

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

TV stations are doing well. They were significantly underinvested. We've made some more investment in things like local news and sales in those areas. And if you look at some of the bigger markets where we operate, a lot of our ratings have gone up, and they performed much better over the last 12 months. Put aside political, they're performing much better. And we like those businesses, they're important to the network, and it took some new management and some new investment to sort of show those results.

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Right. It just seems like to be not an area of NBC where there's room for – every area has room for improvement. To move on to theme parks, the theme parks are investing a lot of capital. You said you're going to have the 25% increase in CapEx this year. I think most of that goes to the theme parks. Can you talk about the timing of some of the new attractions and what does that mean for the theme parks, and I know – actually attractions and hotel rooms.

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

So let me just go back. Actually, NBC has done actually relatively – NBCUniversal has done relatively nice since we've owned it. And you're right. There is lots of pockets and areas of opportunity, and we try to risk-adjust those pockets to sort of say what's the likelihood or what's our confidence level of accessing that growth. And we think it's pretty high.

So when you go to parks and we can level set on parks. In 2009, when we signed on the dotted line for parks, our entire parks group generated about $400 million of operating cash flow. In 2012, it just came shy of $1 billion, so more than 2x what that business has done, really generated through the opening of Harry Potter, there's one in London that's nice to have Harry Potter. So with Harry Potter in Florida, and we launched Transformers and King Kong in Hollywood, both of those have been remarkable successes. Attendance is up over 40%, sort of within our parks group. And we have a plan.

One thing we're good about is setting a multi-year plan of how we're going to invest in our parks as well as our other businesses, and we will continue to build additional attractions within those parks and hotel rooms. We have announced we'll have Harry Potter coming to Hollywood in several years. We have an Harry Potter 2 coming to Orlando. We have this Despicable Me which is one of our IP groups coming in as well. We have Transformers that's launching actually right about now within Florida.

So we will continue to build attractions sort of on top of each other on a multi-year plan. And then we've partnered with Loews. We have about 2,400 hotel rooms in Orlando, which is a fraction of our competitor. And we're adding, in partnership with Loews, some additional hotels and the purpose of that is really to [ph] feed (09:47) the park and increase our stay as well as increase our per capita. So parks is a very well managed group. I would say they've been underinvested as well. We've invested in them over the last couple of years and the results will speak for themselves.

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And then on film, are there any – it's a very difficult one to predict, but are there any major strategic changes that you want to talk about, or is it just – how would you view that business on a long-term basis?

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

So I think let's be fair that the film business has a volatility to it. It's a little bit different from our other businesses. But I think we've made real progress in what I would call the construction of the slate. So I think we've learned a lot over the last couple of years, and we've worked with, again, somewhat of a new management team there. And the construction of the slate with sequels and animation in developing some new IP, I think, has been successful over the last six to nine months.

If you look at some of the sequels, we just had, two weekends ago, Fast 6, which has done very well. It won last weekend. It won this past weekend. Obviously, that's number six. So if you think about sequels, that's pretty good.

Last year, around this time, we had another Bourne movie. We had American Reunion. We have Despicable Me 2 coming out, which is a sequel to Despicable Me. So I think it's really about, for us, how we want to mitigate some of the risks on it and how we sort of construct the slate. I think we've learned a lot. And hopefully, over the last six to nine months, it's done well and, knock wood, hopefully it will continue to do well there.

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And there are a lot of new potentially very disruptive services to the broadcast business, which is a big driver of NBCUniversal. Some of them include Aereo, Dish's Hopper, but there are a bunch of them. And they're rolling out, say, multiple legal challenges. Just can you give us like your kind of high-level view of how some of these legal issues might get resolved? And if Aereo actually prevails, which is hard to believe, but if they do, how does that change your approach to the broadcast business?

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

I'm going to duck the question, because I think we're in litigation on Hopper. There is lots of litigation going on around Aereo. And I think that we feel we're on obviously the right side of that litigation where people are stealing signals or taking content and not particularly paying for it. And I think technology here is somewhat short-sighted in terms of how people take content and don't allow those creators to actually monetize it. So I really don't want to spend too much time on it, because there is active litigation, and obviously we're confident that that litigation would prevail. But I think it's premature to talk about how business models will change.

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[ph] Let me just one late follow-up (12:34).

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

You can try. You can try.

Unverified Participant

[indiscernible] (12:37). But some of your broadcast competitors have suggested that if these legal challenges continue that maybe free-over-the-air changes. It may not go away completely, but maybe they put reruns on the broadcast network and really the broadcast network moves over to cable. How – do you – it just migrates over. Do you agree with that view? Is that possible?

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

Again, I don't want to talk about how business models may change. I leave that to folks who want to be more vocal about it. I have seen, though, really great content tends to get monetized well. And those creators tend to get paid for it. So I believe that however models change, great content will ultimately get monetized. I think NBC and our cable portfolio has great content. We're confident about how we monetize it. And hopefully, we'll prevail within these lawsuits and we don't have to deal with some of these issues.

Unverified Participant

Right. One last question on...

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

But it's quite tough.

Unverified Participant

... if this is just fine.

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

Okay, sorry.

Unverified Participant

[indiscernible] (13:35) if this is okay. But just maybe a segue into the Cable side from the NBCU side. So retrans, as you mentioned, is a huge driver for broadcasting. And eventually, you get reverse comp from your affiliated station group.

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

Yes.

Unverified Participant

But from a Comcast Cable perspective, it's the biggest – one of the biggest drivers is of course [ph] out in (13:54) sports. So is there anything from a – I guess, sitting on the other side, the Cable side, which is the bulk of your business at this point, what do you do or what can you do to offset that cost pressure on the Cable business?

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

Well, let's take one step back. One of the reasons of many that we bought NBCUniversal was we saw some of that leakage happening in retransmission consent. We saw some of the value shifting to broadcasters, as retransmission consent became real and meaningful. And I think it is real and it is meaningful and there is some leakage from that side. So NBCUniversal will benefit from that, and Comcast Cable will continue to sort of pay retransmission consent to the different broadcast groups.

On the sports side, we also are pretty large investors in regional sports networks, as we have been for many years, and have lots of regional sports networks for some of the same reasons. We saw sports escalating in cost. We saw regional sports networks proliferating where a lot of the leakage would go to some of the RSNs, and we've invested pretty heavily in RSNs.

That all being said, the Cable side, the distribution side of our business is experiencing higher programming costs. And some of it is – we've initiated it, because we want to have the most content over the most platforms, so we want the most expansive rights we can possibly have in that cost. So if we – it's not just a linear channel anymore. It's VOD. It's SVOD. It's wireless. It's in-home, out-of-home. It is TV Everywhere. It's on – it's a whole variety of rights that allow us to utilize that content on different platforms. So that has created some inflation on programming costs.

Sports you mentioned, retransmission consent you mentioned. And that all has equal sort of low double-digit increases for this year. That all being said, we think that the Cable business, our distribution business is going to manage through that. Obviously, we have multi-year plans in how we think about it. And we have a number of nice tailwinds in our business that's helping us.

Number one is product mix. If you look at their video business compared to our other businesses, whether it's advertising, high-speed data, business services voice, those margins are actually getting a little bit better in those businesses, offsetting some of their pressure. And then in addition, we'll have some more efficiencies within our business. So I think we'll be able to manage through those. But part of it is the market with regards to retrans and sports and others, and part of it is just normal broadening of our rights.

Unverified Participant

Right. And --.

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

By the way, both of those elements are really good for NBCUniversal.

Unverified Participant

Right. So [indiscernible] (16:42) both sides. But Comcast Cable has enjoyed superior – consistently superior results relative to the rest of the industry. I wonder if you could just outline some of the things that Neil Smit and his team are doing to execute that well or that differently from the rest of the industry.

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

Okay. So how much time do we actually have? It really started with an investment in our network platforms. We have not been shy. This is going back three, four, five years ago where we felt we wanted to have the best network, we wanted to have the best platforms. And we invested in what's called all-digital. We invested in DOCSIS 3.0. This is going back several years ago.

We invested in our content delivery (sic) [distribution] (17:32) network or CDN. We invested in our VOD platform. We rebranded the entire service to XFINITY. And I think we've actually leapfrogged, including our user interface or guides, where the XFINITY product today compared to what Comcast Cable had as a product, let's say, four years ago is dramatically different. I think we're an industry-leading video provider and an industry-leading high-speed data provider. And even in our voice, we've been innovative in our voice. So it really starts with the investment in the network and the platforms that we have.

And then I think we've been able to supplement that with improved marketing, improved customer service, better distribution channels, more innovation in terms of how we've done things like TV Everywhere, online, iPads, other tablets, iPhones, Android to really have the customer experience be a better experience.

And we clearly have the industry-leading VOD product. We did almost 450 million VOD views last month. That's sort of almost like a record for us. We have more and more customers using the TV Everywhere product and downloading our apps, millions of downloads.

So really I think Neil and the team have done a tremendous job of executing on: number one, improving the technology and the platforms and the network; and then supplementing that with just block-and-tackle marketing, customer service, more innovation. And now we have even more coming up.

Next week, we have NCTA, and we'll be talking about new types of innovation whether it's the expansion of our X1 product, which is the new user interface we have. That will be nationwide this year. We're in about 50% of our market as we speak. And we'll be doing even more innovation where we'll make some announcements next week at NCTA.

So neither that – the cable distribution business is very, very focused on improving our video product, having best-in-class product there, having best-in-class high-speed data, including wireless gateways, which is sort of the Wi-Fi in the house, and really supplementing it with improved customer service. So I think they're doing a tremendous job for us.

Unverified Participant

You guys have made comments about there're slight tailwinds from housing. Can you elaborate how you think anything new or improved in the last month or two months?

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

I even made those comments. So listen, I think you got to really put it into context, because two years ago, we're all happy with [ph] stable (20:08) right? That's where we were just happy with [ph] stable (20:10).

I think today, we are in the slow and steady mode. So I think the overall economy is modestly improving. We have lots of dashboards that we look at whether it's DVD sales in retailers in terms of traffic, whether it's visits to parks, whether it's local, national, regional advertising. And I would sort of put it into the slow and steady category.

On the housing side, where the – where it's been back sort of in the earlier part when were in a expansion compared to where we are now, we're still a fraction of the housing starts. So we're between 30% and 40% of where we were several years ago. And also, there's a lag effect.

The good news is I think that hopefully within next year or so, we will see that lag effect helping us a little bit with a little bit of tailwind. But I'm not one to sort of predict, as there's is still too much volatility. And I think from our standpoint, slow and steady and building on that would be nice to have.

Unverified Participant

Right. On HSD, which has been a huge driver – one of the huge drivers for you guys, where do you think the business can go long term? It still feels like penetration is relatively low.

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

Well, different from the video business. Penetration of video business is, pick a number, 85% of multichannel – of households in the U.S. High-speed data is probably in the high-60%s right now of penetration. I don't see why that number doesn't grow to 85%.

I don't know many folks who don't have broadband or aren't going to need broadband as a proliferation of people utilizing the Internet and how they utilize the Internet is a need for more speed and broadband. And that's one of the – go back to one of the reasons we want to have best-in-class, high-speed data service.

We're at about 37% penetration. So if the market today is just, pick a number, high-60%s, moving up, if we're at 37% and we have best-in-class high-speed data business, that makes us feel confident we have a headroom left to go.

And if you look at the last seven years, we've added over 1 million customers per year. If you look at the last couple of quarters, we're in the – we're way over-indexing. We probably have 45% of the entire industry of net adds, and we represent between 20% and 25% of the customer base. So we're over-indexing. And I think it's a terrific business for us, and it really goes back to do you have a competitively great product, are you investing in that product?

And you mentioned CapEx. We're putting more capital into wireless gateways in the home, so that we have not only the best broadband going in the home, but we have the best Wi-Fi experience in the home as well where there's limitations on sort of the older routers that people may have in their home. The new ones that we're deploying by the millions have a 200-megabit throughput.

So I think it's a terrific business. We're really focused on it and another area that we have just some headroom for growth.

Unverified Participant

How do you view the opportunities to usage-based pricing?

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

I – that has not been talked about that much. We have two trials going on to sort of understand how usage-based billing could work if and when we wanted to utilize it, and those trials are continuing. But really, the customer seems really happy. If you look at – we're putting on over 1 million customers per year for the last seven years. People are utilizing more and more speed, whether it's, say, using video over the Internet or how even my kids utilize it in terms of watching clips and doing things. And I think our goal is really simple. It's to continue to sort of penetrate the market, so that – as that 68% grows, we want a disproportionate amount of share.

As our 37% grows, you want to take some share back from folks that we think have inferior networks and inferior products. And then we're monetizing it nicely with modest rate adjustments. Our ARPU is growing nicely. And I think that's the formula we want to continue in place. And customers seem quite happy and that's sort of the biggest and most important point.

Unverified Participant

Subjectively, it seems like you have a long runway. Maybe just switching gears a little bit on – there's been a lot of news about start – over-the-top startups, Intel most specifically, but Sony as well, Xbox as well. How do you view this – these startup services, either is it threatening to the cable business, is it positive for NBC? Will you sell to them?

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

So, I scratched my head a little bit, okay, because – let's just talk about what we've discussed for the last, I don't know, 15 or 20 minutes. You have a mature video market, 85% penetrated. You have increasing programming costs. You have increasing sports costs, which ultimately mean you have some compressing video margins.

And in a lot of cities within the U.S., there's five competitors. There's two satellite providers. There's typically two or three cable providers. Those dynamics don't seem to fit to me to be a great entry period into the video business. So I look at it and go scratch my head, do they think they're going to get better margins on scale than one who has 23 million customers, I'm not sure about that.

So I do scratch my head about the business model and say, you're going into a mature business with rising programming costs with five competitors who are also looking to spend a lot of money of technology and innovation and platforms. Some of them have the ability to bundle. So I'm not sure I understand the business model at all. But God bless them, we like innovation, we like competitiveness.

For any of the businesses you just mentioned to work, they need to have a great broadband experience. So that kind of goes into the second point of have the best network into the home, have the best Wi-Fi experience in the home. And if these folks do launch those services, they're going to utilize our broadband network, because it is the best broadband network from experience standpoint, and that's good for our business.

But I don't really understand it. I think programmers are looking at that, saying that's just more revenue growth for us.

Unverified Participant

Some of the non – can you talk about some of the non-traditional growth initiatives? Home monitoring is something you introduced in the last couple of years. Are you getting any traction? What can it means for the company in long term?

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

Yeah. So I don't actually look at it as non-traditional, just to be honest, because I know I'm sounding like a broken record, but if we have the best network that's going to homes and businesses, then it should be our goal to leverage that network with additional applications that we can monetize that are value-added for customers.

And about, I don't know, four years ago, we looked at home management, home security. We invested in the software that would ride over our network, our broadband network. And we've developed organically a product that we think is absolutely great product and it's called XFINITY Home.

In 2012, we launched it and had customers, but I would say it was a modest launch in terms of making sure we can get install times or we want to make sure an equipment and software worked. I can go in my iPhone right now and I can look at cameras in my home. I can set my alarm. I can move if I wanted to put the applications in lights on, lights off, heating up, heating down. And we look at that as the connected home is going to be really important.

And the investment we've made within XFINITY Home, I think, we're pretty optimistic it's really early, give you a couple of stats that I think is telling. Out of the customers we have, about 41% of them have never been a customer of Comcast. Out of that 41%, about two-thirds of them take all four services. About three-quarters of our entire XFINITY Home base take all four services.

So we look at it and say this is just another terrific product that we're layering on top of our network that we're seeing customers really enjoy. And it really does help. In addition, about two-thirds of the people that have taken XFINITY Home have not historically had a security service.

So we're breaking through that barrier of sort of are you competing against existing security services. It's not just security service. It is literally a home management service. When my wife sets the alarm at night last night, I get a text and an e-mail to my phone that the alarm has been set. I can actually look at cameras when people move outside our home for whatever purpose. It definitely provides a different kind of lifestyle in home management, in connected home, which we think fits really well with our strategy of having the voice in the home, having the data in the home and obviously having the video in the home. So we're pretty optimistic about it.

Unverified Participant

And you mentioned there're also commercial uses. So let's talk a little bit about the SME business. You guys have identified as $20 billion to $25 billion [ph] sometimes they say you have (29:19) a $30 billion potential market. But can you remind us of what is the potential opportunity and how you're just really scaling up in the mid-sized business. So...

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

So once again, let's level set, right?

Unverified Participant

Okay.

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

We have this wonderful network. It's been historically used for residential purposes. We sit and go, Jesus, we go by a neighborhood or a community, there's businesses within that community, why aren't we deploying service into those commercial enterprises? About, I don't know, six years ago or so, we started a commercial business. We went after the very, very small end of businesses. This is enterprises that have, say, less than 25 employees. That business today, the – our commercial business is about a $3 billion revenue business, growing very nicely. It grew sort of in the 30% range top-line with accretive margins, with positive free cash flow. And that business really has been a terrific business for us in terms of going after the small end, which in our mind is probably a $10 billion to $15 billion opportunity. So we are probably in the 15% to 20% penetration of the very, very small businesses.

And by the way, we're going into those businesses with a integrated voice and data product. Sometimes, we offer video. If you go again to a small restaurant or small doctor's office, we can put video in the waiting room or in the private office. Our competitors can't do that. Typically, those competitors offer a DSL-type service. We're coming in with anywhere from 1 megabit to 10 gigabits. We're coming in with a unified voice service in terms of the whole voice IP product. So the product comparison is not even close, and that business is doing just fine.

I want to say about two years ago, we decided that there's a second leg to this, which is going after businesses that are a little bit more complicated, above 25 employees. And that again is probably a $10 billion to $15 billion opportunity for us. And we're in the very early days where sort of in 2012, we started putting the building blocks together. We now have Metro Ethernet throughout the entire network, and we're going into much more complicated businesses with primarily a Metro E product. And we're competing against ISDN and T1 lines, which is kind of not a fair fight.

So from our standpoint, that's another great opportunity for us, and the management team has done a great job of putting the building blocks in place for the small side, and we've put the building blocks in place for the medium side. And it just boils down to execution. We're investing in that business, because we see great returns. There's primarily one competitor in the marketplace. And these aren't necessarily that competitor's best customers where they're probably some of our best customers, because we have higher ARPUs and longer-term contracts. So it's just another area that we're really focused on that we think has great, great opportunities for us.

Unverified Participant

Okay. And I'll try to squeeze in two more questions before we go to questions from the audience, and I know we're running out of time. But one of my favorite topics is targeted advertising, and you guys seemed to seated front and center of that from an NBCU and a Comcast perspective. Can you just give us some update of where you are in terms of rolling out adjustable advertising, targeted advertising? It seems like dynamic ad insertion is getting a little bit of traction. Can you – where are you and what do you think about that business?

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

So I think it's a terrific business. It's complicated. But I think we are really uniquely focused or uniquely positioned to benefit from it. And why I say that is you really need both sides of our organization to have that business materialize. We have the technology platforms in by DAI, digital ad insertion, our dynamic ad insertion. We have advanced advertising. We've addressable advertising. So we have the technology platforms that we're investing in along with Canoe to sort of make sure we have "infrastructure ready."

And then we've got NBCUniversal, which has obviously a lot of advertising. We do about $10 billion of local, regional, national advertising. So I think that we are pretty well positioned in trying to benefit from it. I don't want to set false expectations. I'd rather just say we understand the opportunity. We understand how both sides of our organization need to work together to have that opportunity materialize. We have a dedicated team that's very focused, working with both sides along with Canoe to try figure that out. And you're right, digital – DAI is getting some traction. And as I mentioned, we have almost 450 million VOD views per month. That's a great area of opportunity for us. And we're going to continue to press on.

But I'd rather let us continue to press on, and then we'll let the numbers speak for themselves as we go forward.

Unverified Participant

It's really an exciting area. I'm going to get one more question, and then we'll go to the audience, [ph] so they can ask (34:25) questions. But on – I have to – one balance sheet question. Given the NBCU buy-in, share repurchases are going to be lower than what would have otherwise been expected of calendar 2013. When should we expect to get us normalized levels of capital returns? And maybe could you define normalized levels for us?

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

Yes, I'll let you define normalized levels. I actually don't – just [ph] so you and I (34:51) – we don't disagree very much, but I'll disagree a little bit. I think when we spent $16.7 billion this year buying NBCUniversal, we bought back our stock. It was not a matter of if or it was just a matter of when. And we had 51% of NBCUniversal. We consolidated the entity, and we went out and bought 49% on an accelerated fashion. We paid $16.7 billion in cash for it. I look at that as a whopper of a buyback.

And in addition to that, we increased our dividend by 20%. And we are going to do a – another share buyback of $2 billion. So I think we actually have been pretty aggressive on buybacks. Over the last few years, we've done $19 billion worth of return of capital, $12 billion of stock and $7 billion of dividends. And we've I think managed our balance sheet quite well during that.

So listen, I think we're going to modestly de-lever. That's what we've said. We now have $48 billion of debt. We're in esteemed league of being in a very high level of borrowers, and we'd like to actually have our leverage come down a little bit. But we'll do that over several years. And I don't think it's going to impact our return of capital, whether it's dividends or buybacks, very much.

And I think it's smart of us, given all the folks that we talked about today, whether they're technology companies or telephone companies, to have a pretty strong balance sheet. We think it's a real asset for our shareholders.

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Okay. Are there any questions from the audience? There's mics.

QUESTION AND ANSWER SECTION

<Q>: Hi. Back here. On this side of the Atlantic, the big topic in telecom's world is quad play. In the U.S., everyone talks about the wireless market being different, and I'm just wondering how you're thinking about quad play and...

<A – Mike Angelakis – Comcast Corp.>: Sure.

<Q>: ... how that's helping to evolve over time.

<A – Mike Angelakis – Comcast Corp.>: Sure. I'm not sure you're aware, but we have a partnership with Verizon Wireless. So that has been now working for just under a year or so, I think, and we have a great partnership with Verizon Wireless. We're in many of their stores. Where they're selling our service, we're selling their service. We're in literally thousands of their agent stores where it's same thing, we're selling their service, they're selling ours.

Not sure if the purchase methodology is exactly the same where someone relates buying sort of video, data and voice along with wireless, but we're creating a new channel for us that we think is important. And we're starting to develop some technology that sort of integrates the wireless network of Verizon Wireless with our broadband network, so customers can sort of seamlessly move between their homes depending on what service they utilize and utilizing Wi-Fi within that.

So it's taking some time. We decided that – and a lot of the cable operators in Europe have been utilizing MVNOs and those kinds of things. We are in a commercial relationship with Verizon Wireless.

I don't necessarily see it as a game changer for us, but as technology develops, we love the idea of having our broadband network along with our Wi-Fi network working with the Verizon Wireless folks to provide better apps, better experiences and maybe even some better devices. So over time, I think it'll work out nicely.

<Q>: So could I just ask a question on the competitive landscape. You have a new kid on the block with deep pockets in the shape of Google. They have been putting fiber in certain cities. What does that mean to the industry and to Comcast in particular?

<A – Mike Angelakis – Comcast Corp.>: It's another over-builder in a market. We'll compete pretty vigorously with them. They are smart, capable with deep pockets. I would argue Verizon and AT&T who are also big over-builders in the U.S. are smart and deep-pocketed as well. So from our standpoint, we're going to compete pretty vigorously with them, and we'll see how it goes. But we think that we have a terrific product. They are focused very much on the broadband product. We will be – we are and we'll be too. And also, we're improving our video product pretty dramatically. So it's just – it's going to be another competitor in the marketplace.

<Q>: So [inaudible] (39:08) harvesting cash flow [inaudible] (39:19) having more money on CapEx. [inaudible] (39:21)?

<A – Mike Angelakis – Comcast Corp.>: I think we have increased speed seven times in the last five years or so. So I'm not going to talk about [ph] what their search (39:32) business and throw stones at them. I think we've invested pretty heavily in our broadband network and we're putting on a lot of customers, and customers seem pretty happy with it. So, from our standpoint, happy to compete with them.

<Q>: Hi. One of the main reasons for the NBCU acquisition was obviously the Cable Networks. But lately, they've sort of been faltering, whether it's in the entertainment or in the news segment. Can you talk a little bit about what's going on and what you're doing there to kind of course correct?

<A – Mike Angelakis – Comcast Corp.>: Well, I actually think the Cable Networks – you have a portfolio of networks. So sometimes, not every network is doing really well. And unfortunately, everyone focuses on the ones that aren't doing particularly well. But USA has been the number one network for five, seven years, and that is a terrific channel doing very well.

With Modern Family coming on there in the fall, we expect to continue to do well. Bravo has done exceedingly well. CNBC is much of a niche channel that has people talk about ratings for CNBC. It's not a ratings-driven channel where a lot of people watch about it in their businesses during the day, which isn't sort of measured from a Nielsen perspective.

So we're investing with some original programming and things like Syfy and some other areas. We think there's real opportunity. But those businesses are terrific businesses, continuing to grow as a portfolio. And we're looking at where we want to make investments, where we think the franchise value can add nicely, so that when we go for renewals, we have sort of must-carry type programming with must-carry type channels. And we're doing that particularly in Syfy right now. And you've seen sort of all the cross-channel advertising for a service called Defiance.

So just to segue, we sort of have picked that Syfy is an area where we want to spend some time on. Defiance was a very large launch for us, both in terms of a game as well as a channel, and we put a lot our effort behind it. Within Comcast territories, the ratings are way, way up compared to non-Comcast territories, because we've gone across the entire enterprise to promote that product.

So as a portfolio, I think it's doing fine. Can it do a little bit better? Sure, but we've now restructured a little bit, and Bonnie Hammer is overseeing all of our Cable Networks. And I think she's going to have a little bit more tools of how to move around programming and people and so forth. So I feel pretty good about it.

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Great. We're out of time. Thank you so much, Mike.

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

Okay. Thanks. Pleasure to be here.