

# FINAL TRANSCRIPT

**Thomson StreetEvents<sup>SM</sup>**

## **CMCSA - Comcast Corporation at Goldman Sachs Communacopia Conference New York**

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## CORPORATE PARTICIPANTS

### Michael Angelakis

Comcast Corporation - CFO

## PRESENTATION

### Unidentified Participant

We're about ready to start the 11 o'clock session. We are really pleased to have Comcast joining us today. It's Michael Angelakis, who is the Chief Financial Officer of Comcast. He joined Comcast in 2007. Before that, most recently he was a managing director at Providence Equity Partners from 1999 to 2007. So Michael, welcome to Communacopia.

### Michael Angelakis - Comcast Corporation - CFO

Thank you.

### Unidentified Participant

Maybe we'll start out with how we have been setting a lot of these up which is just wrapping some macro context around what's happened through the cycle. And then we'll get into potentially what happens coming out of the cycle. But if you can sort of set us up with what you think sort of broadly the impact has been on subgrowth and ARPU?

### Michael Angelakis - Comcast Corporation - CFO

Yes, if you actually go back and you think about the economy right now, and actually I think there's optimism. Clearly unemployment is challenged. Housing is challenged. Local advertising continues to have some issues, although we are cautiously optimistic. But I think if you go back to the early part of 2007 and you look at our Company and if you look at some of the metrics and actually if you painted a scenario that said we were going to go into one of the deepest recessions since the Great Depression, we were going to have two large competitors overbuild us to roughly 30%, how would we have performed? And since that time, we've lost about one million video customers. We really don't like it, but that has been an impact related to clearly the economy and certainly additional competition.

We've actually put on though about 8 million voice and data customers. So net-net, we are up about 7 million customers since the beginning of 2007. We have also grown revenue, cash flow, free cash flow considerably, EPS. We have also had an impact on advertising, which has been negative. So I feel pretty good that we have navigated this cycle in a pretty positive way. And if that scenario has played out, I look at execution and say execution has been pretty good during a really difficult cycle.

### Unidentified Participant

As we think about these as ARPU components through the cycle, obviously there's sort of dueling headwinds here, competitive and cyclical. How would you sort of disaggregate the two?

### Michael Angelakis - Comcast Corporation - CFO

Well, I think the way -- one out of four of our customers takes all three products. You have to think about it that way and we really look at total ARPU and we've grown ARPU considerably. We've grown it 7% year-to-date. If you take out advertising, which is not done as well as we had hoped, we've grown about 9% I think is the number. So we are super focused on ARPU. It's a really



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important element and there is a natural balance between what are financial results and what are customer growth. And that balance we were obviously trying to manage very, very -- in a granular way.

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**Unidentified Participant**

As we start to think about the other side and certainly at this conference, the media side at least has been bullish and started to talk about inflections and trends. I'm wondering as you start to think about the cyclical uptick, maybe if we can sort of attack both segments on the volume side and the pricing side, what do you think? What sort of pickup should we expect?

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**Michael Angelakis - Comcast Corporation - CFO**

Well, I think in the rebound part of a big correlation for us is housing growth. So if housing formation comes back, we're going to take ample share of that. Secondly, if the consumer gets healthy, I think we're going to see growth in ARPU related to more services and also I think that our advertising will do better. We have lost roughly 1 to 2 percentage points of cash flow related just to advertising.

So I think we are positioned both internally with regards to how we've taken costs out of the business, but also externally with our products that when the market comes back, whether it is housing growth or consumer confidence or advertising, I think we are pretty well positioned.

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**Unidentified Participant**

I think the latest data point out of the Company certainly set us on the second-quarter call and then sort of reiterated more recently would be talking about sort of trend rates exiting the second quarter, positioning people for 3Q and sort of giving a message that 3Q looks more like 1Q. And particular I think on the broadband side, I'm wondering -- and I guess a couple questions attached to that.

A, is that still the view? But B, I think more importantly, is it far enough into the quarter to sort of make that claim? I think Time Warner Cable yesterday with saying, well, what's in September -- it is a big month within the quarter so that's where the inflections will really occur? It's too early to call? Maybe just some comments on that and then obviously I have a couple follow-ups.

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**Michael Angelakis - Comcast Corporation - CFO**

Yes, first of all, I think quarter-to-quarter is a terrible measurement. I think we look at the Company and manage the enterprise on an annual basis and certainly longer than that in terms of how we create value. In the second quarter, I think we had an aberration with particularly high-speed data. I think we have of course corrected that and I think we feel very good about how our net adds are performing with regards to the third quarter.

So I just go back to the comment I made earlier. We are in a very granular fashion managing unit growth and financial metrics. And I think they sometimes will swing quarter-to-quarter depending on we are in the back-to-school season now, depending on seasonality, depending on a whole number of factors. But I think that the third quarter from the unit perspective is shaping up just fine.

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**Unidentified Participant**

And those comments have been mostly attached to the HFP numbers. I'm wondering are we to assume that there is sort of pull through attached to that voice and video?

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**Michael Angelakis** - Comcast Corporation - CFO

I don't want to say too much, but I feel pretty comfortable -- we are in almost the middle of September, that our performance on the unit side we're pretty pleased with so far. We've got two or three more weeks left.

**Unidentified Participant**

Great. Obviously another big topic recently given the [news flows] ownership limitations, I'm wondering if you can step us through the recent removal of the ownership cast and whether it really has a meaningful impact to your outlook for consolidation (inaudible).

**Michael Angelakis** - Comcast Corporation - CFO

I really don't think it has any meaningful impact. It is a really nice win. We thought the law was from a regulatory perspective inappropriate and unfair. We are delighted we have won. We really don't see a major impact and that clearly begs the question with regards to further consolidation in the cable industry. From our standpoint, we believe we have a lot of scale, so any kind of cable acquisition is going to be far more analytical from a financial perspective in terms of it has to be compelling financially. So I don't see the rule change having much of an impact at all.

**Unidentified Participant**

In terms of making it compelling financially, is it IRR? Is it what type of synergies are attached? You look at sort of cost elements, with a lot of people focused in on programming. How would you think about programming relative to incremental scale? Are there really big benefits there?

**Michael Angelakis** - Comcast Corporation - CFO

You mean in terms of more cable?

**Unidentified Participant**

Yes.

**Michael Angelakis** - Comcast Corporation - CFO

Yes. I don't particularly think so. I think that we the low cost provider on the programming side. I think when the Company did the AT&T broadband deal there were very meaningful benefits of scale. I think we've benefited from that and I really don't see us going from \$24 million to \$27 million really having a material benefit of further scale.

What is a good transaction for us would be are we going to generate a terrific risk-adjusted return on any type of cable or other acquisition? And I think we are pretty disciplined about that.

**Unidentified Participant**

Great, as we think about the M&A path from here, I think part of it ties into what the corporate mentality actually is right now. As I talked to investors, we launched coverage last week and what I consistently hear is you are somewhere between growth,

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value. There is an income component but that potentially could be bigger than people think about placement of this country. And a lot of it obviously would tie into the M&A trajectory, things like cable deals would be about cost-cutting IRRs and sort of driving the value component versus there's other things you could actually do on the growth side whether it's augmenting the SME business, and sort of the franchise there or augmenting assets you have on the content side. How should we think through this in sort of a corporate mentality and corporate approach here?

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**Michael Angelakis - Comcast Corporation - CFO**

You know, we are in eight lines of business. We have eight revenue streams in the Company and I think our goal is to reinforce our competitive advantages in every one of those revenue streams. Whether we do it through organic investment or whether we do it from acquisition, really the goal and how -- we talked about this last week or Steve did, we get up every morning thinking about how do we reinforce that competitive advantage? And we have many.

Each of those eight businesses, by the way, are in different levels of maturity of growth, have different opportunity sets, and we explore every single one in a great level with [depth]. We are pretty financially disciplined. Whatever we do, whether it is an organic investment or an acquisition, to me has to go through both a strategic filter and a financial filter. We've talked about this before and our goal is to generate great strategic and financial returns as we move and grow those eight businesses.

So you brought up SME. SME we think is a terrific opportunity. We have a line of sight on revenues. It has grown 51%. The market that we are attacking today, 51% year-over-year, the market we're attacking today is approximately \$15 billion. We're now only roughly \$1 billion of that. We have real momentum in that business and we are focused on that business.

By the way, we have done 100% of that growth all organic and even when our team and Bill Stemper come to us for capital for that which we have invested in, we put it through the same filter whether we bought a company or are investing organically. When we think about business services and sell backhaul, which is another area which we size at roughly \$1 billion, that is a same financial analysis because we think that is a real opportunity for us to extend our network.

There's clearly another opportunity in terms of moving up the scale in terms of the enterprise market. Right now the market we are focused on is really companies with 20 or less employees. That is a relatively small market place in terms of \$15 billion, but there are a lot of companies probably double that size that are in that sort of second tier of market. And we are preparing, thinking, and I don't want to say too much about going into that business pretty aggressively.

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**Unidentified Participant**

Great, maybe we could switch to a lot of people's favorite topic, returning cash to shareholders. I'm sure you get asked about it a lot. Can you step us through I guess the current balance sheet framework? And maybe layering onto that you are on a deleveraging path right now but you've eliminated most of the near-term maturities. You guys have done a great job of sort of taking the [tower] risks off the table in the coming years. It seems like we're close to a level where you probably should feel very, very comfortable about the business. When do we sort of slow down the deleveraging path and think about other avenues?

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**Michael Angelakis - Comcast Corporation - CFO**

Okay, let's just go back a couple years and this is a metric that doesn't get talked about a lot. But at the end of 2007, our debt to free cash flow was about 13.5 times. That's a number that doesn't necessarily get a lot of attention but certainly a number that when you say your free cash flow is really the amount of dollars you're going to have to service that debt and it is at 13.5 times, strong company but not as strong as we would like it to be. I think we will end this year 2009 where we retired roughly \$3.3 billion of debt this year and we will be roughly 6.5 times maybe a notch or two lower than that.



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I feel pretty comfortable with the progress we've made over the last two years of doing two things. One is growing free cash flow and two is modestly deleveraging from roughly a \$32 billion balance sheet to around \$29 billion debt level. So I feel pretty good about that.

With regards to return of capital and we do look at \$1 of debt repayment, \$1 buyback, and \$1 dividend as all returning capital and accretive to equity. And if you think this year we will probably retire roughly \$3.3 billion, we have an \$800 million dividend. We've already bought back \$200 billion plus of stock and we will continue that. We are at \$4.1 billion of return of capital, actually \$4.3 billion of return of capital through roughly the first six months of the year. And I think that we have a real focus on how do we return capital in a smart, intelligent way.

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### Unidentified Participant

Just I guess as a follow-up there, if you think about the dividend payout ratio sitting -- hovering right around 20% depending on the quarter, is that the right ratio over time to sort of preserve the opportunities that you see whether it's on the M&A front or deleveraging front or do you think you can move that ratio up meaningfully and still preserve the type of flexibility you want in the Company?

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### Michael Angelakis - Comcast Corporation - CFO

There is a real balance between those three elements of a dividend, a buyback, and debt repayment. I think we're pretty comfortable that we have done a solid job of derisking some of the balance sheet and adding more liquidity and bringing our cost of capital down a bit. Particularly given the macroeconomic environment we have lived through over the last 12 or 18 or 24 months. When we think about a 20% payout ratio, we don't want to be pigeonholed in that. If you look at net income, it's slightly higher than that as a payout ratio, in the sort of 23%, 25% if you look at free cash flow, it's hovering around that number.

So I think the key for us is what is the right balance between buybacks and debt repayment and dividend and our hope is that as the Company progresses, we will continue to increase the dividend.

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### Michael Angelakis - Comcast Corporation - CFO

Great, maybe we will switch over to wireless real quick. One logistical reminder, if you do have questions, remember there's people that will walk up and down and get your questions. We'd love to have this be sort of 25 minutes of my questions, 15 minutes of yours, so definitely don't hesitate.

On wireless out of the range of options right now, can you sort of address why Clearwire remains the right partnering strategy?

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### Michael Angelakis - Comcast Corporation - CFO

There's been a lot of discussion about this but let's -- again it's kind of funny. We are going back -- let's look at a couple years ago. A couple years ago when we started to look at wireless as how do we extend our three products, our core three products for our customer base. To us it is not necessarily about a quad play in terms of handset and bundle. It is much more of we have a robust data business which is a terrific premium business. We have a very good phone business, which is growing nicely and we have a terrific video business.

How do we take those three products and add mobility to them to enhance the product set? We started looking at it in great depth and you come to sort of three options. We are a holder of some AWS spectrum, so we could actually build a network. The conclusion was we have 20 megahertz of spectrum, clearly not enough to do what we really want to do. We don't want to be

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the seventh competitor in a market that we think is mature from the voice side and it's a huge economic investment which we are uncomfortable there is a real return for.

So you take that option, you say analyzed it, looked at it, push it off to the side. The other option is do you want to purchase a company? And I didn't think we have any desire to purchase a wireless company. And then you look at can you partner and where is the best partnership that you can actually have? If you go back to what our goal and objective was of adding mobility to our three core products, you need a hell of a lot of spectrum and you need a hell of lot of nationwide spectrum. And Clearwire with the merger with Sprint is uniquely positioned to have a lot of spectrum across the country and clearly in our core markets.

And it was a real opportunity for us to invest. We are a part owner of the network. We also have a founder's preference on wholesale access to that network and to date, we have been pretty satisfied with how that's gone. We've launched in two markets. We're launched in a number of markets, about important in itself, which was our first launch, about 30% to 35% of the customers that are taking the Clearwire product, are brand-new customers to Comcast. That in itself is pretty compelling.

So we like the partnership and we think it was when you look at what the options are, it was I think the right choice.

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#### Unidentified Participant

Can you help us think through funding for Clearwire from your perspective? It is an entity which probably will need additional capital infusions at some point? You've had obviously two paths, get diluted or contribute, keep the existing stake or potentially bump it up. How would you approach that?

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#### Michael Angelakis - Comcast Corporation - CFO

Well, we don't have any obligations to fund any further dollars into Clearwire. We're about a little bit more than an 8% shareholder. The question really lies I think -- and I'm not ducking the question -- relies with Sprint, who is a 51% shareholder as well as with Clearwire. I think that there will be funding. I think the company will build out its network like it's doing now. And from our perspective, we will evaluate whatever financing it does. We have preemptive rights, but again, we are only an 8.5% shareholder. We didn't have a (inaudible).

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#### Unidentified Participant

As we think about the strategy in wireless data, you've had a couple market launches that seemed to be going incredibly well. How do we think about where you sit in terms of the product stack over time in wireless? As the carriers would think about it if they think about wireless as sort of disaggregating a product, you have text messaging, which is incredibly high margin, subsidizing the rest. You have voice which sort of sits in the middle, and then you have data which is at the bottom at this point and quite frankly laptop card data they probably put at the very bottom in terms of the margin opportunity.

So why is that sort of the right product sort of solely to be attaching yourself to in the wireless market at this point?

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#### Michael Angelakis - Comcast Corporation - CFO

I think two things. Clearwire isn't a telco. It has all virgin spectrum. So I think when you look at that product stack, it is -- can be quite profitable just on the data side with the differentiating product. I think the telcos have different constraints including their own issues around spectrum management.

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I think from our side why we are leading with broadband is we think that our broadband product is an absolutely terrific product. We have more headroom to grow that business. It's a high margin products. We've put a lot of money into increasing speeds and things like DOCSIS 3.0. So we thought it was a natural extension to bundle our in-home product, which has, say, 20 megabits in the home with an out of the home product, which will be between 3, 4, 5 megabits. So we looked at it as a natural extension.

As you know, we are launching -- we are testing today a service called On Demand Online. I can envision some point in the future that having a wireless component. And there has been lots of discussion about voice clients at some point and I don't want to say much more than that, but I think that data is really an important product for us to lead in the wireless side.

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**Unidentified Participant**

Maybe if we could switch gears to video, you guys are obviously in the process of transitioning through -- to all digital. What are the key things as we come out on the other side that just allows you to do [as a company]?

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**Michael Angelakis - Comcast Corporation - CFO**

You know, a really good snapshot, number one, this is a huge initiative for us. We are spending between a \$400 million and \$500 million this year and next year on both the all digital and DOCSIS 3.0 effort. A snapshot of what it looks like on the other end is probably Portland, Oregon, where that was our first market which is now complete. We have launched over 100 high-definition channels. We have launched many ethnic channels, where I think we are probably now the leader in that market with regards to ethnic channels. We have DOCSIS 3.0, so we have really high speeds.

In addition, we are working on Project Infinity, which is our VOD platform. So I think the product leapfrogs some of our competitors in that particular market. And we've seen great reception with the product, particularly in the markets that have been completed. So this is very important to us and we think that the result in terms of when a market is complete from a whole number of areas in terms of product positioning, customer satisfaction, and operations is a real improvement.

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**Unidentified Participant**

A lot of your investors seem to focus in on video ARPU. We touched to some extent on video coming out of the cycle, but I wonder if you can just isolate ARPU? Are you optimistic that we can sort of get back to historical trend growth rate or has the competitive environment sort of changed that?

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**Michael Angelakis - Comcast Corporation - CFO**

I think the economic environment has changed and clearly the competitive environment has changed. We are not completely focused on video ARPU. We are more focused on gross ARPU given that one out of four customers takes all three services. I do think the days of implementing 5%, 6%, 7% rate increases are not -- on the video side, certainly won't be there for us this year or next year. I think that's a result of really just the economy -- the economy and to some degree competition.

But I think we will continue to grow total ARPU and you just look at -- we are laser focused on ARPU and if you look at through the year, if you take out advertising, we're sort of 9% year-on-year up, which I think is pretty good performance.

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**Unidentified Participant**

If we take the cost side of the equation, obviously everybody is sort of focused on programming costs. Over the last couple of days, we've had a number of channel operators, media companies in here sort of taking the other side of it and saying what we have seen over the last couple of years with elevated programming costs is the new norm. And if anything, it goes up from



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here. What's your view in terms of '09, which looked like a relatively elevated year. Is this the new norm or do we sort of move back down from here?

**Michael Angelakis** - Comcast Corporation - CFO

Well, first I think the rhetoric continues. Secondly, I think we're the low-cost provider. So if you look at our competitors, you look at even our peers, we are the low-cost provider on programming. I think we are seeing a period this year where it's a bit higher than it has been historically. Our goal is to bring that number down next year, but it is an issue. And I think that we are fighting in the trenches every day related to that issue and I think it has an impact.

I think what you are going to do will have an impact on video margins. It does, but we are taking costs out of the business as well and I think we've been able to keep margins steady to even a little bit up over the last five years. I think the benefits we have in terms of cost savings and product mix with high-speed data to lessen the business services and if advertising comes back, I think we have a good shot at having our margins continue to be stable or maybe increase a little bit. Not a lot.

**Unidentified Participant**

So do you think even beyond the very near term or this is playing out is this a medium-term view or we should expect maybe gross margin declines but operating margin still relatively flat given the costs you are taking out?

**Michael Angelakis** - Comcast Corporation - CFO

Well again, you are isolating on the video business. I think when you look at the other two businesses, I think you see margins obviously increase. We've taken a tremendous amount of costs out of our voice and out of our data business and I think SME is generating absolutely terrific margins as well. And we are focused on getting into more higher-margin business. And as I mentioned advertising, which is a high margin business, when it has high operating leverage, we actually took a hit from because of what's happened in the economy and we are hoping that is going to come back sometime next year.

Now on advertising third quarter, fourth quarter, we have tough comps. But I think that next year, we are hopeful that that business returns well.

**Unidentified Participant**

If we could talk about data, that seems to be potentially the other side, where you actually do have pricing leverage now. Clearly you've got an infrastructure already built out, all digital has helped that, DOCSIS 3.0 has helped that. I guess that both cases there's pricing leverage and we can see ARPU increases in data. I'm wondering what we've seen in the industry recently, even you guys doubled speeds without a price hike attached to it. So how does this sort of all fit into potential for RPU increases?

**Michael Angelakis** - Comcast Corporation - CFO

Well, I think it was a press release today that we have taken some rate adjustments on high-speed data in the high-speed data business. So we do think we have some pricing power there. We have done a terrific job of increasing speeds and increasing customer satisfaction. We think we are clearly the leader in that business and we've also seen our competitors actually take price increases with regards to that data business.

So we love the business. I think we will see a bit of an increase in that business, a bit of an increase in the video business as well. But we are being very careful and cautious. We have a tough economy we are dealing with.

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**Unidentified Participant**

If we think about the potential for future ARPU increases, is it more driven by the step ups across the different tiers or is it migration within the tiers where people are moving from lower tiers to mid or upper?

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**Michael Angelakis - Comcast Corporation - CFO**

I don't know the answer to that. I think that we are seeing tiers. We have a [blast] service where we've actually been selling that higher priced, higher-speed service, roughly 3 to 1 to the lower-priced service. So I think the need for speed and as video becomes more relevant with regards to people looking at sports clips in the morning -- I know my kids every morning get up early and go online and look at sports clips and our service is geared to providing a great experience for that.

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**Unidentified Participant**

We've got a couple of questions sort of following up on SME, which you touched on earlier. \$15 billion opportunity, obviously huge opportunity and I know from covering the telcos that's obviously a big margin opportunity as well. I think you referenced that.

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**Michael Angelakis - Comcast Corporation - CFO**

Why didn't you actually -- given you have such a long telco history, I'm actually delighted that you recommended us. You have more education to do. You really have a lot more education to do, but all I can say is I tip my hat. Great job.

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**Unidentified Participant**

All right, thanks for the plug. How do you think about the pricing strategy versus an RBOC? They're sort of -- there's two paths here. There's the big margin opportunity and probably ample penetration opportunity you get versus a telco versus an opportunity to really drive share versus an incumbent, a pseudo-monopoly market in many areas at least has a chance right now. How do you sort of balance the two?

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**Michael Angelakis - Comcast Corporation - CFO**

You know, we have grown the SMA business year-over-year 51%. Now it's still roughly \$1 billion of run rate revenue. So I think you're going to continue to see us push that business. We're going to expand that business in other areas. We think we have terrific momentum. We think there's a real balance between market share and making sure our growth is profitable. And that is a really important point.

I think that we should talk about is we are very focused. We want to grow the business. We want to grow it really profitably. We don't necessarily believe in market share that forfeits profitability. Our view is we think we can balance both appropriately in both the consumer as well as in the business side. And I think you will see us continue to grow the SME in other areas of commercial services as aggressively as we can.

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**Unidentified Participant**

As we think about it, the capability you can and will offer over time clearly there's an enormous opportunity in the sub 20 market. At what point does it makes sense to extend the capabilities to try to tackle something bigger? What exactly are the capabilities that you need to move upstream?



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**Michael Angelakis** - Comcast Corporation - CFO

We just launched yesterday or the other day in Minneapolis 100 megabit commercial service, so I think you will see us increase our sophistication level in terms of going after those customers. I think when we think about Metro Ethernet and we think about other areas of growth, those are areas we are clearly pursuing. It took us time to build the infrastructure, the salesforce for the SME business and I think we've done that well. We have momentum in that business and we don't want to distract that momentum. But I think we will layer on top of it other areas of growth that we think are real opportunities for us and I can tell you that we are heavily looking at that right now.

**Unidentified Participant**

First to some audience questions, there is one sort of going back to capital allocation, but it ties into existing assets and you obviously mentioned that AWS Spectrum you have, Spectrum Co., how do shareholders get comfortable that over time these are productive assets working for them?

**Michael Angelakis** - Comcast Corporation - CFO

I would say the AWS spectrum actually increased in value pretty considerably over time. And I think that there's a real goal to make sure that the Clearwire partnership is successful and works well for us and meets the goal objectives we have. I think I've said this before. When Clearwire has met the objectives and it's hard to say exactly what that is, I think we will evaluate what to do with that AWS spectrum. But right now we have -- I think it's an appreciating asset and from our standpoint, we will continue to hold it and make sure Clearwire is successful.

**Unidentified Participant**

Another question on if you think about the structure of the video market and look at some of the leading edge at least offerings out there or whether it's whole home DVR that you have seen or the DTV sports package, sports offerings, how are you competing against that higher-end segment of the market?

**Michael Angelakis** - Comcast Corporation - CFO

You know, I think on the multiroom DVR we have launched a number of services. We just launched an iPhone app for different service. So there's certainly product development where we will leapfrog one, somebody will leapfrog us there, and it will move. But I think that we are competing pretty effectively. We have a meaningful product development team that is always looking at how do we improve and enhance meaningfully not just a press release a product or a feature for our customers?

So on the NFL, which I think that is a [Sunday] ticket, that is a level of frustration for us but it is what it is. And I think we are doing a good job. We just launched RedZone and we are marketing RedZone, which is -- we are trying to find a way to provide more sports to our customers. But that one does sort of sit in my craw a little bit.

**Unidentified Participant**

Think through capital spending for the Company, there's identifiable near term --

**Michael Angelakis** - Comcast Corporation - CFO

Is this your question or somebody else's?

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**Unidentified Participant**

This is back to my question to be completely open and honest here. But once we get through whole digital DOCSIS 3.0, it's a pretty big project and I realize one is a heck of a lot more expensive than the other, but as we get through these near-term projects, are there any other things on the horizon you could think that would keep CapEx where it is now or should we expect levels of CapEx to continue trending down over time?

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**Michael Angelakis - Comcast Corporation - CFO**

You know, I think the goal for us is to be really smart about how we invest CapEx. I think the outcome of that is that intensity will continue to decline. I think the projects related to all digital and DOCSIS 3.0 are finite. I think we are investing in interactive advertising. I think we are investing in Wi-Fi. I think we are investing in business services. We just spent some time talking about adding investment to business services. We're trying to be very focused on how we allocate CapEx, but I think the outcome is that the intensity will continue to come down and that we will continue to fund those projects which we think have attractive profitable growth characteristics.

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**Unidentified Participant**

As we think about longer term capital intensity, not to pin you down or anything, but just how would you think of -- do you think in CapEx to rev terms. Is that how you would like to get investors thinking about it?

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**Michael Angelakis - Comcast Corporation - CFO**

I'm indifferent. I look at it as a whole number. I think that if you looked at 2007, it was roughly \$6 billion plus. It was \$5.7 billion. I think we will come in at -- I'm not going to give you guidance -- but I think we will bring it down and I think next year we have a chance of bringing it down in absolute dollars as well.

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**Unidentified Participant**

Another one of my questions. Cost cuts, how should we think about opportunities for additional cost-cutting in the business?

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**Michael Angelakis - Comcast Corporation - CFO**

I think we are laser focused on cost cuts. I mean, the business -- this is no secret -- the business has slowed down both in terms of economic issues, advertising or housing growth, it has slowed down. And as it slows down, we will take more costs out of the business. So I think we have continued opportunity this year, next year to take more costs out of the business. We took costs out of the business last year. We are not the type of Company that issues a press release and says we are laying off X number of people. We did do that -- we did not do a press release last year but we did on one of our calls articulate exactly what our plans were. I think you'll see us take more costs out of the business this year and next year.

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**Unidentified Participant**

So will end with a couple audience questions. We've had a number focus on -- and this may be more a function of geography and where you are, but a number focused on FiOS and how you compete against FiOS. How do we get confident that this is sort of a -- can be a constructive situation as opposed to aggressive situation? I think there has been some pricing action recently which speaks to that. I wonder if you could walk us through that.

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**Michael Angelakis** - Comcast Corporation - CFO

I don't want to -- they are a fine company. They can speak for themselves. I think we are competing effectively with FiOS. I think they have a good product. I think we have a good if not better product. By the way, their overlap to us is roughly 15% today, so the other 85% is not FiOS overbuild. But I think we are starting to even see some win backs from them where they've come into a market, and people want to try the service. It's not as great as it is advertised or a bit more expensive and we are getting some customers back.

But -- and they've done a rate increases recently that I think are pretty aggressive. So I think that we are competing well against them.

**Unidentified Participant**

Do you do win back surveys to determine -- when you actually get subs back from FiOS, which I realize it's very early on, but I'm wondering if you can pinpoint why exactly they are coming back? What are they frustrated with?

**Michael Angelakis** - Comcast Corporation - CFO

Well, I think it's all of the above. I think that unfortunately we do stub our toe every once in a while and if we missed an appointment or a VOD product didn't come through, that could be a trigger to move to somewhere else. By the way, no one is perfect and that happens to them as well. I think that their ARPUs are higher than ours. I think that there's some pricing aspects there.

Actually they are -- I am not going to go into too much, but I think we are competing well against them. We are very focused on win backs, not just on FiOS by the way but on U-verse and DirecTV, and Dish, and there is a real goal for us to try to keep our video customers whether we are retaining them or taking them from our competitors.

**Unidentified Participant**

Last question, which is an audience question that actually overlaps with one of mine, so it's a balance here. But online video and just how to think about relationships you have with the programmers and the opportunity versus the risk over time.

**Michael Angelakis** - Comcast Corporation - CFO

In a very short time -- by the way we created Fancast. We have also helped create TV Everywhere with our friend at Time Warner. TV Everywhere is a service that we think is complementary to our core service. People are watching more TV today than they ever have. Also in order to watch TV everywhere or Fancast, we think you need a really high-speed modem or high-speed access, which again I think we are terrific at.

So we just don't see the threat as significant in terms of online. We think it as relatively complementary. And frankly leading the charge with regards to developing products, whether it be Fancast or On Demand Online and we think the cable programming group in particular I think is endorsing On Demand Online and sees it as a very good utilization for people who want to watch TV on a PC or a laptop.

**Unidentified Participant**

Great, well we are about out of time. Michael, thanks so much for joining us today.



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**Michael Angelakis** - Comcast Corporation - CFO

A pleasure.

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