

FINAL TRANSCRIPT

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CMCSA - Comcast Corporation Conference Call to Discuss NBC Joint Venture with General Electric

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Dec. 03. 2009 / 1:30PM, CMCSA - Comcast Corporation Conference Call to Discuss NBC Joint Venture with General Electric

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PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to Comcast's call. At this time, all participants are in a listen-only mode. Please note that this conference call is being recorded. I will now turn the call over to Senior Vice President, Investor Relations, Ms. Marlene Dooner. Please go ahead, Ms. Dooner.

Marlene Dooner - *Comcast Corporation - SVP of Investor Relations*

-- operator, and welcome, everyone. Joining me on this morning's call are Brian Roberts, Steve Burke and Michael Angelakis.

Dec. 03. 2009 / 1:30PM, CMCSA - Comcast Corporation Conference Call to Discuss NBC Joint Venture with General Electric

As always, let me first refer you to slide number two, which contains our Safe Harbor disclaimer, and remind you that this conference call may include forward-looking statements subject to certain risks and uncertainties.

In this call, we will refer to certain non-GAAP financial measures. Please refer to the reconciliation of non-GAAP financial measures to GAAP that is included in the appendix to the presentation.

In addition, please note that financial numbers in this presentation are based in part on information provided to us by GE. These financial numbers are preliminary, and among other things, do not include all purchase accounting adjustments. These figures are provided for illustrative purposes only and do not represent guidance.

With that, let me turn the call to Brian Roberts for his comments. Brian?

Brian Roberts - Comcast Corporation - Chairman, CEO

Thanks, Marlene. I know I speak for Steve, Mike and everyone else at Comcast when I say that we are really excited today to have the opportunity to finally talk to you about this unique transaction between Comcast and GE for NBC Universal. It clearly represents a compelling strategic opportunity and is one of the most significant events in the history of our Company.

Let me stress we really love and believe in the growth of cable and broadband distribution, but we also see real future growth in cable programming and other forms of digital entertainment. We think the combination of both is a real winner for our shareholders and our customers, and we are going to spend the next hour or so talking to you about why we think that content and distribution go together so well, particularly in this transaction; why we love the cable network business so much; why we think we have the right teams in place to execute and drive value; and why we believe we have structured a really terrific transaction for Comcast shareholders. I also want to emphasize that with this transaction, I believe our Company is strategically complete.

Let's begin, if you will, by turning with me to slide four. You can see that in this transaction, we are bringing together our leading distribution capabilities in cable and broadband and other platforms with the outstanding content creation and distribution capabilities of NBC Universal. Today's transaction is similar to our AT&T broadband transaction of some years ago in that it really gives us valuable scale in a terrific business, in this case, cable programming. I believe this is the logical evolution of our programming strategy.

Second, NBCU is a highly diversified media company; with NBC and Universal, we're well-known. But we are creating a new company with an absolutely first-class set of cable channels that generates 82% of the new joint venture's cash flow and are the heart of driving its growth and profitability.

These cable channels are really terrific assets, and you're going to hear more about them this morning. Cable programming is a business we know well and like, and as we learned more and more about NBCU's businesses and these cable channels, we found their growth profile was even better than we originally expected.

Third, for a number of years now, we have been intensely focused on delivering services to our customers when and where they want them, and today, our technology platform allows for more of this innovation and cross-platform capabilities than ever before. We believe this transaction will help us extend and accelerate the entertainment options we offer consumers.

And finally, we are combining experienced management teams, and they have both done significant acquisitions with great past success. Jeff Zucker and his team at NBC Universal bought Universal and other cable channels over the last several years and completely transformed NBC into one of the premier cable programmers in the business. Steve Burke and our team at Comcast, both on the content side and the cable side, have managed many acquisitions with great success as well. So I think whether it was QVC, where we invested some \$300 million and received \$7.9 billion when we ultimately sold it, we have had a



Dec. 03. 2009 / 1:30PM, CMCSA - Comcast Corporation Conference Call to Discuss NBC Joint Venture with General Electric

history of successful investments, growing our company and combining management teams, and I think we can build real value with this transaction.

If you will, please turn with me to slide five. You can see that what is really critical here is that we believe that we have put together with GE a smart and elegant structure that aligns our interests and unlocks value in our programming assets. With this structure, Comcast gains 51% ownership and control of the extensive content holdings at NBCU for an initial cash outlay of approximately \$6.5 billion. We have also structured a really unique deal that provides tax advantages and significant performance incentives unlike almost any transaction we have ever done before.

In most circumstances, Comcast shares in an additional 50% of any increase in value beyond the initial equity value and on top of our 51% ownership. We do expect to get many benefits and to execute and deliver growth from this opportunity, but we have not included those benefits in our assumptions. And even without them, the transaction generates double-digit returns.

This structure also allows us to be very clear about our go-forward capital allocation strategy. Based on our level of confidence in our core business and in this new joint venture, I am very pleased to announce today that we are increasing Comcast's dividend 40% to \$0.378 per share annually, and that we plan to repurchase the remaining authorized share of our buybacks of \$3.6 billion of stock over the next 36 months.

In a few minutes, I will cover the businesses we are buying and how we view their risks and opportunities. But first, let me pass to Mike Angelakis to describe the transaction in greater detail.

Michael Angelakis - Comcast Corporation - CFO

Thank you, Brian. Let me begin by briefly reviewing the transaction and the various steps required to create this exciting new joint venture, which will be initially owned 51% by Comcast and 49% by GE. There is some complexity to the transaction structure, and the next few slides will hopefully be very informative. However for further detail on the transaction, we also included an appendix to this presentation.

First, as I think you know, GE has secured a transaction with Vivendi to purchase Vivendi's 20% stake in NBC Universal. Next, the joint venture will borrow approximately \$9.1 billion on a nonrecourse basis from third-party lenders and immediately distribute the proceeds from this financing to GE. Comcast and GE have secured this financing and have commitments, and this level of debt in the joint venture is expected to have investment grade ratings of BBB+ and Baa2 ratings, based on the initial review by S&P and Moody's.

Simultaneously, and as the chart on the right side of these slide indicates, GE will contribute all of NBCU's assets to the new joint venture, which will be valued at \$30 billion less the \$9.1 billion of debt.

Comcast will contribute its cable channels, the regional sports networks and two entertainment and female-oriented Internet sites, Fandango and Daily Candy. The contribution of our assets will be valued at \$7.25 billion. In addition, after certain adjustments, Comcast will also be investing approximately \$6.5 billion in cash, which combined with our asset contribution, will achieve our controlling interest of 51%.

The partnership aspects of the JV is structured in a way where it is tax advantageous to Comcast and provides tax benefits of approximately \$1.5 billion on an NPV basis, which will accrue directly to Comcast over time. We are confident that we will secure the necessary regulatory approvals, and closing is expected in approximately 9 to 12 months.

Please refer to the next slide. The transaction also provides a clear path for Comcast to achieve increasing ownership, up to 100% of the joint venture, potentially over a seven-year period. Consistent with our financial and balance sheet goals, we have

Dec. 03. 2009 / 1:30PM, CMCSA - Comcast Corporation Conference Call to Discuss NBC Joint Venture with General Electric

carefully structured the joint venture to be conservatively leveraged, with pro forma debt to operating cash flow of approximately 3 times.

I think it is important to note that the profile of the business allows for continued growth, particularly from cable networks, and for free high free cash flow conversion, which allows for meaningful debt reduction and delevering.

Post-closing the partners, Comcast and GE, have agreed that the joint venture will have a maximum leverage ratio of 2.75 times debt to operating cash flow, and the intention is that the JV remains solid investment grade.

As part of the path to increased ownership by Comcast, the joint venture is expected to self-finance future equity redemptions by GE through its strong projected free cash flow and increasing debt capacity.

To the extent the JV is unable to meet GE's redemption, Comcast is committed to provide two tranches of future funding as a backstop. The total commitment by Comcast is capped at \$5.75 billion in either cash or stock over the seven years, and again, can only be utilized if the JV's free cash flow and debt capacity are not sufficient to fund GE's redemptions.

The first redemption right for GE is at year 3.5 for 50% of their ownership, with a maximum backstop of \$2.875 billion provided by Comcast. The second redemption right for GE is at year seven for their remaining ownership, with again a \$2.875 billion backstop, plus any unused amount from the first redemption, for a maximum backstop of \$5.75 billion.

The redemption price will be based on a public market definition, so when the JV redeems part of GE's interests, the value will be based on its public market value at that point in time. As part of the redemption value calculation, Comcast will also receive a performance incentive [for] carried interest as a value of the joint venture increase. This incentive, or value sharing, is structured so that Comcast shares in 50% of the value creation above the initial equity value of \$28.2 billion, which is illustrated in the appendix.

In addition, GE has limited rights to initiate a public offering after year 3.5, and Comcast has typical rights of first refusal. This is also summarized in the appendix.

Now please refer to the next slide. This transaction is strategically compelling for Comcast. It also provides attractive financial returns for our shareholders and meets all the strategic and financial objectives we have articulated in the past. It will be immediately accretive to our free cash flow, to free cash flow per share and to our earnings-per-share. Based on our analyses, we are confident that the transaction will generate double-digit IRRs for Comcast shareholders, which are significantly above our WACC, and generate substantial financial and strategic value.

I think it is important to recognize that our analyses are conservative. They do not include any incremental revenue benefits, and include minimal expense savings related only to redundant effort; in fact, less than \$50 million.

We have approached this transaction's financial analysis -- not strategic -- from an independent basis. By that, I mean business-as-usual performance expectations from NBCU and our programming assets, no real synergies. Those would be additional upside.

In addition, we have performed numerous sensitivities -- or we call them negative impact scenarios -- and are confident we will be generating attractive risk-adjusted return. I believe the structure and components of this transaction are attractive to our shareholders and demonstrate our balanced approach of investing in strategic opportunities that reinforce our competitive position and enhance our growth prospects, all while maintaining our financial strength and returning capital to our shareholders.

Please refer to the next slide. This chart represents estimated pro forma financial metrics for Comcast for the new joint venture and for the consolidated entity for 2010. These are meant to be illustrative and do not represent guidance.



Dec. 03. 2009 / 1:30PM, CMCSA - Comcast Corporation Conference Call to Discuss NBC Joint Venture with General Electric

Given Comcast's 51% ownership and management control, we plan to consolidate the joint venture. This illustration provides a view into the strength and free cash flow generation capacity of each entity, as well as the strong balance sheets at closing, both individually and on a consolidated basis.

As you know, one of our financial priorities is to maintain our balance sheet strength, and this transaction has been structured to maintain Comcast's strong investment grade rating and financial flexibility. In fact, both rating agencies have reaffirmed Comcast's BBB+/Baa1 ratings as part of this transaction on a consolidated basis. We are gratified for the support from the rating agencies who affirmed Comcast ratings given consideration of this transaction, our revised dividend policy, our share repurchase program and the backend structure, among other factors. Obviously, their endorsement of the strong fundamentals of our core cable and cable channel businesses is recognized and appreciated.

Importantly, as you can see from the pie charts, on a pro forma basis, Comcast's results will continue to be driven by the performance of cable distribution and cable channels that together will generate approximately 80% of the consolidated Company's revenues and 97% of our operating cash flow.

Please refer to the next slide. This transaction is strategically sound and totally consistent with our capital allocation strategy and our commitment to return capital directly to shareholders. From the Company's viewpoint, the transaction structure will create two entities or pools of cash flow generation and funding capacity. The NBCU joint venture will retain its free cash flow and debt capacity to fund its operating needs and, importantly, to fund future redemptions by GE. Comcast, which will now exclude the contributed asset, will continue to use its free cash flow to reinvest in its businesses return capital to shareholders.

We have confidence in the performance of the businesses and in our ability to execute. Therefore, as Brian mentioned, we are pleased to be increasing our dividend by approximately 40% to \$0.378 per share, which will be effective with our next quarterly dividend payment in January of 2010.

In addition, we are committing to complete our remaining \$3.6 billion stock repurchase program over at the next 36 months. These two actions result in a total payout ratio in excess of 50% of our last 12 months' free cash flow and place our payout ratio on a total return of capital basis at the top of our peers. In addition, based on yesterday's stock price, this combined return of capital allocation represent in excess of a 5% yield.

This approach demonstrates our confidence in the continued free cash flow growth and prospects of our cable business, while we continue to reinvest in both cable and content to build shareholder value.

Please refer to the next slide. I know you have seen this slide before, but I think it is important to reiterate that our capital allocation priorities remain in place. In summary, we believe the transaction represents an important and attractive strategic investment that generates high risk-adjusted returns, and we are intensely focused on executing and building shareholder value.

Now let me pass the call back to Brian.

Brian Roberts - Comcast Corporation - Chairman, CEO

Thanks, Mike. So if you would now turn to slide 13, if you think back 20 years or so ago when GE took over NBC, it was a one broadcast network, with one revenue stream for the business. And over the years, they have successfully and quite breathtakingly transformed it into NBC Universal, a diversified global content company with great assets and many, many great brands.

Most of that took place in the last five or so years, when the Cable group, after starting with CNBC and MSNBC, expanded through their purchase of USA, Syfy, Bravo and Oxygen, so that today, cable channels represent 78% of NBCU's cash flow.

Dec. 03. 2009 / 1:30PM, CMCSA - Comcast Corporation Conference Call to Discuss NBC Joint Venture with General Electric

We are now taking stewardship of these wonderful businesses and believe we can take them even further. So let's take a look at what we are actually getting in this transaction, and it includes one of the largest and most profitable collections of cable channels, the iconic broadcasting network of NBC and their 10 local TV stations, a very attractive TV production and distribution studio with a 3000-title library, a Hispanic Network and related assets that target this high-growth segment for our country, a wonderful film studio, Universal, with successful franchises and a vast library of more than 4000 films, and one of two world-renowned and recognized theme park businesses.

As with any diversified group of assets, we certainly recognize that some have issues with various parts of their businesses, but we also believe that we are buying at or near the bottom of this economic cycle, and that these businesses will benefit as the economy improves. We haven't included some turnaround in the economy in any of our assumptions, but I certainly hope that to be the case.

If you turn to slide 14, we begin with each of the pieces. So let's look at NBC broadcast network and television stations. NBC, of course, is only one of four broadcast networks that reaches 100% of US households, and their O&Os are strong and they have a great affiliate network, which we plan to continue and continue to invest in. It plays a significant role in branding and cross-promoting their other properties, primarily their cable channels. It also has real strength in news and sports and entertainment, and while it has struggled in prime time over the last several years, we believe there is some cyclical to the ratings part of the business, and it appears that there is more upside than downside in NBC buying it today, since it is only about 10% of the cash flow.

Telemundo is a leading multimedia company focused on the high-growth Hispanic market; also one of two fully-distributed Hispanic networks, reaching nine of the top 10 Hispanic DMAs. It is a leading Spanish-language content producer and the second-largest international distributor of Spanish-language content in over 100 countries. We certainly believe there is significant potential in this business for years to come.

The broadcast business also includes a successful TV production and distribution studio built on record-setting shows like Law & Order, Heroes, 30 Rock and House, and a 3000-title library of TV classics like Columbo, Murder, She Wrote and many other favorites. Between the Tonight Show and Saturday Night Live in entertainment, the Today Show and Meet the Press in news, Sunday Night Football and the Olympics in sports, NBC is responsible for so much of the programming that America loves to watch.

And as you can see on slide 15, they have a very wonderful position in so many of these famous franchises. We at Comcast will take seriously the public-interest responsibility of being one of the nation's leading national and local broadcasters.

If you turn to slide 16, you can see Universal Studios, again, a smaller part of the Company in terms of its cash flow of around 6%, but a major part of famous and wonderfully loved content that gets used in all the windows in the distribution business movies. They have had a great success in so many genres. Wonderful famous titles like Jaws and ET, Schindler's List, Out of Africa. They've produced new movies from Focus as well as Universal, and this is a long-running, successful and wonderfully storied studio.

The industry is in transition from DVDs to electronic distribution after a period of extraordinary growth, and it does have to contend with a new set of realities with the electronic age. But success for the film industry is a combination of great creativity, managing profitability and costs, and I think as this transition occurs, Universal has already made several changes that are focused on trying to lead in that direction.

Again, we think we are perhaps buying at a low point in some of these cyclical changes. Hollywood has a long tradition of changing distribution models as technology changes, and we think we can really play a helpful role as a major electronic distributor in this next transition.



Dec. 03. 2009 / 1:30PM, CMCSA - Comcast Corporation Conference Call to Discuss NBC Joint Venture with General Electric

Turn to slide 17, and you will see Universal Theme Parks is one of just two major international theme park brands. Stable, industry-leading margins, lots of cross-promotional opportunities, they recently made a significant investment in a new set of attractions around the Harry Potter world that they are building at Universal in Orlando. And we will clearly benefit from these investments in an improved economy. Again, a relatively small part of the business that can be poised for some nice growth.

Turning to page 18, I really want to now focus on the majority of the value, which is a cable programming channels, a business we know well today at Comcast and have already had great success. We think cable networks is one of the best businesses in the media sector because each channel is its own multimedia brand, with a minimum of two robust revenue streams in affiliate fees and advertising and a great online presence. Affiliate fees from cable, satellite and telco providers have been growing on an average of 12% per year. Advertising sales have increased on average 7% per year, due to increase in ratings and attractive, focused audience demographics.

This terrific, vertically-integrated company produces much of its own content for these cable channels, which adds to the cost stability and allows them to be more in control of their own destiny. NBCU has five channels, each with over \$200 million of operating cash flow.

If you go to page 19, I think this is a wow slide if there ever was one and pretty much speaks for itself. It's really what brings us to this transaction -- cable channels with outstanding growth and profitability. You just don't find too many businesses with growth rates of over 15% compounded for the past six years, and margins that are really the best in the business at nearly 50%.

As we combine our own cable channels with NBCU's, they will now have the scale they need and the opportunity for margin improvement similar to NBCU's great assets. It really catapults our cable programming channels into scale.

Turning to page 20, you can see they have a really successful formula that focuses on building strong brands and targeting audiences and investing in original programming, as well as excellent execution on ad sales and cross-promotion across all their businesses, and they really use the NBC entire family of companies really well. So just looking at this chart, USA is number one in primetime ratings for 13 consecutive quarters. CNBC, I don't need to tell anyone on this call, it is the world's number one business channel. Syfy, believe it or not, in October was the third highest-rated cable channel in America. MSNBC, fastest-growing news Channel. Bravo, bought four years ago or so, and today, one of the channels that makes over \$200 million. And Oxygen, a most recent acquisition, has nearly doubled in ratings since being taken over by NBCU. And powering a lot of this is UCP, their in-house production company.

Please turn to slide 21. Content businesses are all about people, and while I think we have put together an unbeatable combination of businesses, the creative team, some of whom are on this chart, that will lead us into the future, are many of the best in the business. The Comcast part of the team, under Jeff Shell's leadership, has built our brand at Comcast programming and we have had real success. And I think we are going to merge quite well with the people and the creative leadership at NBC Universal.

Jeff Zucker, who will be CEO, and has spent over 20 years at NBC, has helped lead other large acquisitions for NBC, successfully transforming their Company, as I previously mentioned, and we are looking forward to Jeff and his team doing the same here again.

And on the Comcast side, the Comcast parent, we are very fortunate that Steve Burke spent really the first half of his career at Disney, managing very comparable assets in broadcast, theme parks and cable channels, and today, having spent the last 10 years really helping build Comcast, I think he is the perfect executive to help lead this transition. Steve?

Steve Burke - Comcast Corporation - COO, President of Comcast Cable Corporation

Thank you, Brian. Now let me move on to some of the opportunities created by this transaction. I think first and foremost, you have to look at the cable channels. Cable channels are the best part of the media business today; they are really the crown



Dec. 03. 2009 / 1:30PM, CMCSA - Comcast Corporation Conference Call to Discuss NBC Joint Venture with General Electric

jewels of any entertainment company. And NBC Universal plus Comcast's cable channels will create a really great cable channel business.

Cable channels have been good to Comcast. We have been in this business a long time. We have had great growth from our cable channels. But really when you look at our cable channels on their own, they are subscale compared to what we will be creating with NBC Universal.

We have also seen what NBC has done post the Universal deal five years ago, and it has been nothing short of spectacular. The growth of the NBC channels and the Universal channels has been great over the last five years, and we are hoping that some of that strategy and some of that synergy can now be transferred to our cable channel business as well.

We also see when you put all of these cable channels together, some very interesting platforms to reach key demographics, like women, sports, entertainment or news. When you put these channels together, you get real category leadership, which is very attractive to advertisers, very attractive to consumers, and really an opportunity for programmers to move things around in a very unique way.

We also believe that content plus distribution creates real value, particularly now at a time when new technologies are allowing you to do things that you have never been able to do before and bring things to consumers that they have never gotten before.

And finally, when you look at the asset mix, the great cable channels, plus the NBC network, Universal Studios, Universal Theme Parks, a clearly defined strategy and a great structure, that this can really lead to great shareholder value creation.

If you turn to the next slide, as we have mentioned, the combined Company is going to be 82% cable channels; film is 5%; broadcast is 8%; and parks are 5%. If you look at these cable channels just over the last five years, you'll see that the NBC Universal channels have grown 16% on a compounded annual growth basis, and Comcast channels have grown 10%. The combined growth of the NBCU assets and the Comcast cable channels has been 14.9%, which is faster than we have grown our core cable distribution business during that time period.

If you turn to slide 26, you will see just how many great cable channels we have all together. The numbers to the right of these bar charts represent the number of subscribers by network, but you will see that we have a lot of cable channels with significant distribution.

We think there are real opportunities to increase cross-promotion and strengthen particularly the emerging channels. For example, we at Comcast have three very well-distributed networks that, combined, really don't make very much money in G4, Style and Versus. And we look at what NBC Universal has been able to do with Bravo and Oxygen and other channels, and really believe that that touch can create a significant amount of value.

We also think that putting these channels together create really strong platforms for advertisers, across channels nationally, and also national channels with local channels, in the case of sports. We think there is the ability to expand domestic and international distribution of these channels. We also think putting these channels together and bringing them into new distribution platforms, such as wireless, video on demand and Internet, create real opportunities.

If you move to slide 27, you will see that the combined Company has about \$2.8 billion in operating cash flow in 2009. 82% of the operating cash flow comes from cable channels. So we are clearly in the top five in terms of operating cash flow in general, and we have a very high percentage of cash flow coming from cable channels, which we think is a good thing.

Moving on to slide 28, this combination really establishes strong platforms that advertisers and consumers are going to want to gravitate to. In entertainment, of course, we have got NBC Entertainment, America's number one cable channel in USA, America's leading cable channel for entertainment in E!, and Syfy.



Dec. 03. 2009 / 1:30PM, CMCSA - Comcast Corporation Conference Call to Discuss NBC Joint Venture with General Electric

In terms of women, we reach the most women on cable and on online sites with Bravo, Oxygen, Style, iVillage and Daily Candy. With sports, we have an interesting reach across national broadcast, national cable and regional sports in all the local markets where we operate Comcast Sportsnet. And of course in news, we are going to be very strong, with NBC News, the Today Show, CNBC, MSNBC and the news that we have locally in markets where we have Comcast Sportsnet and local news origination.

These choices in these segments are exactly what advertisers are looking for, exactly what programmers are looking for when they move product around and exactly what consumers are looking for when they have an area of real interest.

In terms of online, on slide 29, you will see that we become a top 10 online property, with about 82 million monthly unique visitors to our Internet sites. We are also a leading supplier of professionally produced online content. We believe the combined Company will be the number one provider of women and lifestyle Internet content, the number three provider of news, the number three provider of entertainment, the number seven provider of sports, and obviously, with the growth that we are seeing in online advertising and digital in general, having these kind of positions, we think, is real scale and real growth opportunity in the future.

If you move to slide 30, we also believe that the combination itself, putting content with more content and content with distribution, is going to be a real driver of growth in the future. And I would separate these opportunities into three buckets.

The first bucket is what content does with more content. I think really the case study for that is what NBC has done since NBC and Universal came together about five years ago. And here, it is all about cross-promotion between the channels and NBC, getting programming from NBC and Universal Studios and the television studio for other channels and gaining scale, when you put together advertising, digital and the cost structure.

We think distribution clearly benefits content, and in this case, we think Comcast has been a good case study. If you look at our channels like E! and Golf and Versus, those are all channels that started with much less distribution, and over the years, our distribution has helped those channels grow and thrive.

We think there is the opportunity to launch and grow cable channels, to use new technologies such as video-on-demand, electronic sellthrough and on-demand online, and also to work with the rest of the industry to help protect copyrights, fight piracy and create new distribution models.

We also think that content can benefit distribution. We have been in the forefront of video-on-demand and trying to get more on-demand online offerings. We are big believers in trying new things and trying to come up with innovative ways to get content out over these platforms, and having this much content with our distribution company, we think is going to allow us to provide new things for consumers, which will help our distribution company in the process.

We are particularly excited about interactive television advertising and applications, the ability to use the cable two-way plant to allow advertisers to do what they've always wanted to do, which is put ads to specific homes that show an interest in what they are advertising.

We also think there is the ability to create new services and new packages for our cable and Internet customers in the future. In our mind, content and distribution go together very naturally. Obviously, not everyone believes that, but we really look forward to proving that they do in the months ahead.

And now, I would like to turn back to Brian to close our presentation.



Dec. 03. 2009 / 1:30PM, CMCSA - Comcast Corporation Conference Call to Discuss NBC Joint Venture with General Electric

Brian Roberts - Comcast Corporation - Chairman, CEO

Thank you, Steve. Let me close by saying we believe this transaction is strategically important to Comcast and financially attractive to our shareholders. It complements our core business and positions us to accelerate innovation and speed up growth.

We expect the deal to be immediately accretive, provide strong returns, maintain our balance sheet strength and investment-grade profile, provide us with the capacity to increase our stock buyback and dividend, all while building new growth opportunities for the Company for years to come.

So now, let's open it up for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Jessica Reif Cohen, Bank of America.

Jessica Reif Cohen - BofA Merrill Lynch - Analyst

Brian or Steve, I was wondering if you could elaborate on what new businesses you can create using the combined platform. If you could just give us a little more detail or a little more color. I mean, given NBC's sports, Olympics and NFL, or VOD, even international opportunity, if you could just give us some more color about what new businesses you can create over the next few years. And then completely separately, should we expect any divestitures of assets?

Steve Burke - Comcast Corporation - COO, President of Comcast Cable Corporation

Okay, well, the first -- this is Steve, Jessica. The first part of your question, what new businesses can we create. We think there are literally dozens of innovative ideas that come out of this combination. Let me start with interactive advertising. We are going to be one of the major providers of television advertising in the country. I think something like 20% of the joint venture's revenues come from advertising. The ability to take that advertising and use a cable plant to make it more targetable, more addressable, more interactive, I think is a real opportunity.

There is also a tremendous opportunity to take our cable channels and bring some of the programming and cross-promotion and expertise that NBC Universal has, so I think that is another one.

Clearly, there is the ability to launch new channels. Clearly, there is the ability to create new VOD packages, to move windows. Really, there are a lot of opportunities out there are.

Obviously, not all of them are going to work, when you try new things. But we really think there is a lot of opportunity here to continue to innovate and grow in a way that is good for consumers and very good for the joint venture.

Brian Roberts - Comcast Corporation - Chairman, CEO

We don't anticipate the need or the desire to divest any of the assets, and we have a long time between signing and closing to learn more about the businesses, to put more specificity, what Steve was just talking about.



Dec. 03. 2009 / 1:30PM, CMCSA - Comcast Corporation Conference Call to Discuss NBC Joint Venture with General Electric

But I echo the point that we have channels that have distribution. They have tremendous content and tremendous presence and credibility in areas like sports and other areas. I just think great things will happen, from very small to hopefully more meaningful over time.

Jessica Reif Cohen - *BofA Merrill Lynch - Analyst*

Thank you.

Operator

Spencer Wang, Credit Suisse.

Spencer Wang - *Credit Suisse - Analyst*

Thanks and good morning. I just have two bigger picture questions, I guess for Brian. Brian, the vertical integration strategy has been attempted in the past by a bunch of other entertainment companies, and it doesn't look like it has benefited them particularly. So I was wondering why you think this will be different for Comcast.

And then secondly, NBC owns assets like Hulu and the TV stations that have historically been at odds with your core cable business, in the context of Internet bypass and paying for retrans. So could you just talk a little bit about how you see that working going forward? Thank you.

Brian Roberts - *Comcast Corporation - Chairman, CEO*

I think this is a different time and a different deal than any previous transaction. And I think there have been many successful examples, like Time Warner bought Turner, for instance, or some of the things that John Malone has done over the years, or frankly, when News Corp owned DirecTV, they were successful. And you can not look backwards; I look forward.

So in my opinion, it had to pass a very critical filter, which is the deal as a standalone transaction, without any assumptions of synergies, is it a good transaction for Comcast shareholders? And then you overlay that with, do you like this business that you are getting?

And the answer to the first, as Mike talked about, is very disciplined filter, very unique structure, with tax benefits and additional carried interest, if you will, on the upside, where the valuation sets to whatever the market value is at the time of any future transactions. A very fair structure, and I think not a huge risk in terms of cash outlay upfront.

So I think we look at it and see very positive IRRs as a standalone matter. And then you go to the second part of the question, of, hey, are you better off and are you going to be able to find ways to grow the business, back to Jessica's question. And I think the answer is definitely yes. And there is not too many folks I have met that would feel that we can't improve Comcast programming, to trying some ideas that will evolve as this business evolves.

Which leads into your second question is, does the world ever stand still? And we see, with more distributors and more technologies, what consumers want, we want to be part of delivering to them, and that is going to create value. And the reality is consumers want electronic distribution. Some of it, they want it for free; some of it, they want it in subscription; and some of it, they want it pay-per-view. And for us to be able to help find business solutions and models that work for both the distributors and for the program producers, I think we are in a unique role to benefit from both and to help that transition along, which is what consumers really want.

Dec. 03. 2009 / 1:30PM, CMCSA - Comcast Corporation Conference Call to Discuss NBC Joint Venture with General Electric

Spencer Wang - *Credit Suisse - Analyst*

Great, thank you.

Marlene Dooner - *Comcast Corporation - SVP of Investor Relations*

Thanks, Spencer. Operator, let's have the next question, please.

Operator

Doug Mitchelson, Deutsche Bank.

Doug Mitchelson - *Deutsche Bank - Analyst*

Thanks so much. Brian, you have always shown a strong interest in sports, and NBC has had its ups and downs with the profitability of its sports programming. But clearly, you have the right business mix to take on ESPN now as the professional leagues come up for renewals in a few years.

Do you believe you could go to toe-to-toe with ESPN in a few years and create a real strong national sports network?

And if I could just ask separately, Michael, can you just square for us the valuation that you got in your cable networks versus what you are paying for NBC? Because the 13 multiple that you're getting for your cable networks implies you are getting most of NBC for free, once you look past their cable network value. Thanks.

Brian Roberts - *Comcast Corporation - Chairman, CEO*

So, look, I am not going to talk about ESPN. They have a fantastic business, and sports has proved to be a very profitable category. And almost in every space, there is more than one participant. We have a great business with Comcast Sportsnet regionally. NBC, as you say, has had tremendous credibility, particularly with Dick Ebersol's leadership and others. They carry golf; we own the Golf Channel. They carry NHL; we have NHL on Versus. There are many places where we intersect and can grow, and it's one of the -- as Steve said, one of the four categories of leadership and growth possibilities, and it's something that will evolve over time. Mike?

Michael Angelakis - *Comcast Corporation - CFO*

Morning, Doug. I mean, the pricing for our assets are \$7.25 billion. And obviously, that was a negotiated price with GE, and we feel very strongly, which I think they concurred with, that our programming assets as well as the regional sports networks are just very valuable assets. They are terrific business models, and the negotiated price of \$7.25 billion is what it really is.

Doug Mitchelson - *Deutsche Bank - Analyst*

All right. Thanks, gentlemen.

Marlene Dooner - *Comcast Corporation - SVP of Investor Relations*

Thanks, Doug. Operator, let's have the next question, please.

Dec. 03. 2009 / 1:30PM, CMCSA - Comcast Corporation Conference Call to Discuss NBC Joint Venture with General Electric

Operator

Craig Moffett, Sanford Bernstein.

Craig Moffett - Sanford Bernstein - Analyst

Just one housekeeping question, if I could. When you scale up the revenues -- or the OCF from the cable networks in a couple of places in your slide pack here, you get to about \$3.4 billion for the JV, including the contributed networks.

And on page 9, you are showing the new JV at \$3 billion for 2010. I know these aren't guidance, but that would suggest a sort of a big drop, and I may be just reading it wrong from '09 to 2010.

And then a second bigger-picture question. Could you talk about how you will do things like negotiate for the Olympics, for example, or negotiate windows during the next year while you are awaiting for regulatory approval?

Michael Angelakis - Comcast Corporation - CFO

I will take the first part, Craig. Primarily, the difference between 2010 and 2009 is there is an element of the Olympics in 2010 that does depress NBCU's operating cash flow. So I think that explains most of the delta that you are referring to.

Craig Moffett - Sanford Bernstein - Analyst

Oh, okay. So it's not just me reading it wrong; it is an expected drop from '09 to 2010?

Michael Angelakis - Comcast Corporation - CFO

It is, and we think that, obviously, we will be taking over this asset post-2010.

Craig Moffett - Sanford Bernstein - Analyst

Understood, yes.

Brian Roberts - Comcast Corporation - Chairman, CEO

And regarding your other question, you have to respect the regulatory requirements, so GE is in control of the business on decisions like that. There is opportunity to converse about major decisions, but the business is going to be run by Jeff and Jeff.

Craig Moffett - Sanford Bernstein - Analyst

But should we assume, for example, that they would be reticent about entering into long-term windows for a movie output, in the expectation that within a year you might have a different view of how you would think about those windows, or --?

Brian Roberts - Comcast Corporation - Chairman, CEO

We will have to see how that goes in the coming months. I think they will be operating the business in the ordinary course, and continually with the way they've operated in the past.

Dec. 03. 2009 / 1:30PM, CMCSA - Comcast Corporation Conference Call to Discuss NBC Joint Venture with General Electric

I do think, as you pointed out, the Olympics, there is two to go. One happens between signing and closing and then there is just -- there's one more in 2012. And beyond that, we will just have to wait and see.

They are a great partner and we have a lot of confidence that our agendas are aligned. That is one of the keys of this structure that I really liked in the deal so much, is that they are staying for 49%. They have given us tremendous upside opportunity to make it grow, and if it does, we share disproportionately.

And at the same time, we really think their team, as we have been trying to say on this call, has really brought a lot of long-term businesses that are not as lumpy as the traditional broadcast business has been, with the cable programming business. And by putting our cable programming together with theirs, as Jeff said on CNBC this morning, really, he will have taken it from just a broadcaster to 82% a cable programmer in not very long order.

Craig Moffett - *Sanford Bernstein - Analyst*

Okay. Thanks, Brian.

Marlene Dooner - *Comcast Corporation - SVP of Investor Relations*

Thanks, Craig. Operator, let's have the next question, please.

Operator

John Hodulik, UBS.

John Hodulik - *UBS - Analyst*

Thanks, good morning. A couple of little things. First, can you give us an idea of what kind of maybe early regulatory read you might be getting on the deal? And I guess -- I take it that would be the sort of -- when the deal closes is going to depend on that. And then if you have any sense for -- if you could give us a timeline for when you think that might happen.

Then, in terms of, Brian, your commentary about the Company being strategically complete, just wonder if you could elaborate more on that. Is that just on the media side or is the Company as a whole, in terms of the Comcast side. There has always been a lot of questions about the Company doing something on the wireless side. Just some commentary there would be great, too.

Brian Roberts - *Comcast Corporation - Chairman, CEO*

Let me start with that question. I really feel that we made a big strategy investment with Clearwire for the wireless side of the business. And just in the last couple of weeks, Clearwire has raised close to \$3 billion of fresh capital, combination of equity and debt. Comcast represented well less than 10% of the money that was raised, I believe, and -- proving to me that there is a reasonable likelihood that Clearwire is going to continue to build out the 4G network all over our markets. And we are already live and selling wireless products and we are building a state-of-the-art network.

So I think we view wireless for us as wireless broadband, and access to the future, not necessarily just the voice, which I think will ultimately be an application running on a wireless broadband network. So we think we have a really good plan on wireless.

So when I made the statement this morning, I believe that we do think content is a great business, particularly cable programming, and we wanted to get scale in that business and we didn't have it. This transaction was uniquely structured allowing us to achieve that goal.

Dec. 03. 2009 / 1:30PM, CMCSA - Comcast Corporation Conference Call to Discuss NBC Joint Venture with General Electric

Steve Burke - Comcast Corporation - COO, President of Comcast Cable Corporation

The first question was about the regulatory timeline.

John Hodulik - UBS - Analyst

You got it, the timing of the deal.

Brian Roberts - Comcast Corporation - Chairman, CEO

We believe this is an approvable transaction. It is pro-consumer. Typically, in vertically integrated transactions, it doesn't create some of the issues that sometimes a horizontal deal may create. We are already in the business of cable programming; there are rules that -- surround that, and making the content available to others and nondiscriminatory.

We have today made a series of commitments public that address areas such as the responsibility of being one of the most important news providers in the country, the free over-the-air broadcast and the affiliate model, and we want to continue that.

So I believe that there will be a thorough review that is obviously appropriate; there will be conditions. But we do not foresee, nor would we want to proceed, if they had a material effect on the Company, and we don't anticipate that occurring.

John Hodulik - UBS - Analyst

Great. See you at the conference next week, guys.

Marlene Dooner - Comcast Corporation - SVP of Investor Relations

Thank you, John. Operator, next question, please.

Operator

Ben Swinburne, Morgan Stanley.

Ben Swinburne - Morgan Stanley - Analyst

Thank you, good morning, guys. If I could ask two questions. One, Steve, you highlighted the strength of the cable network business, the growth we've seen in the past, and how much of the cash flow from NBCU comes from cable net.

When you think about the growth rate from here, obviously advertising seems to be recovering and we are at a bottom of cycle; I think everyone would agree with that.

The other big piece of the growth driver is affiliate fees, which have been sort of a natural tension with the business that still represents 80% of your EBITDA, as you guys point out on slide nine. So how are you guys thinking about, when you sort of modeled this out in your acquisition case, the affiliate fee story for those cable nets and maybe you could add sort of retrans and how you think about the migration of the broadcast model to subscription fees from advertising. How do you put that all together in sort of the global picture of Comcast now as it is newly formed?

Dec. 03. 2009 / 1:30PM, CMCSA - Comcast Corporation Conference Call to Discuss NBC Joint Venture with General Electric

Steve Burke - Comcast Corporation - COO, President of Comcast Cable Corporation

Well, if you look at -- I think Brian mentioned if you look at the last five years, affiliate fees have gone up I think 12% double-digit. I am not sure that they will continue to go up 12% as a cable distributor with 80% of our business on the cable distribution side. I would hope that they would go up single digits, not double digits. But I would certainly think that they are going to go up. And I think one of the really resilient positive sides of the cable channel business is that dual revenue stream. And even if the affiliate number goes up mid-single digits, that is a very nice solid leg of the stool.

In terms of advertising, even if you don't take the recovery of the advertising business, which right now appears to be recovering. All the signs that we are seeing in our local, national scatter sales, everything are going in the right direction. Even if you don't take that, the fact of the matter is these big cable channels and NBC Universal has a lot of them are investing so much money in such great programming, our bet is that ratings continue to grow. And so you have got ratings growth, plus ad sales turnaround, plus a strong, call it, mid to upper single-digit recurring revenue stream on the affiliate side.

It is hard for me to think of a business in media that has better fundamentals or more stability. Will the growth of these assets be the 15% or 16% that they have been over the last six years in the next five or six? Maybe not. We are certainly not modeling 16% forever, trees don't grow to the sky. But will these have very predictable, very stable, very nice growth rates? Our bet is they will.

Ben Swinburne - Morgan Stanley - Analyst

And then just as a quick follow-up. Michael, on the tax benefit, I think you said \$1.5 billion, is that just a step-up of the basis at NBCU and that is the accrual of the tax savings into Comcast? Is that the way to think about that?

Michael Angelakis - Comcast Corporation - CFO

Actually it is a number of items, Ben and that does accrue directly to Comcast. So it includes this step-up, as well as a number of other areas.

Ben Swinburne - Morgan Stanley - Analyst

Okay. Thank you very much.

Marlene Dooner - Comcast Corporation - SVP of Investor Relations

Thanks, Ben. Operator, let's have the next question please.

Operator

Vijay Jayant, Barclays Capital.

Vijay Jayant - Barclays Capital - Analyst

Just wanted to sort of understand the mechanism you will have over the next seven years where there is perceived to be some transfer of value from the JV to cable. How does NBC protect themselves -- or rather GE protect themselves and can you talk about the governance from that perspective? Thanks.

Dec. 03. 2009 / 1:30PM, CMCSA - Comcast Corporation Conference Call to Discuss NBC Joint Venture with General Electric

Brian Roberts - Comcast Corporation - Chairman, CEO

I think generally speaking -- and you can -- eventually, I guess, all the documents will be filed or what have you -- it is arm's-length dealings, as we would at all times. And I think it is pretty straightforward and there's no leverage one way or the other.

We are managing the business. We have a majority of the Board. It was very critical to us that for the employees of NBCU, that there is somebody driving the business in a fair and appropriate direction, and that was a point that Jeff Immelt graciously, and I think appropriately, said somebody has to be in charge of running the Company, and Comcast, you are it.

Steve Burke - Comcast Corporation - COO, President of Comcast Cable Corporation

And Vijay, I would just add that I think you can assume that there is a dispute mechanism that one could implement, but the business will continue to proceed forward. There is no ability to sort of stop strategies and so forth.

Vijay Jayant - Barclays Capital - Analyst

Can you make acquisitions in the interim?

Steve Burke - Comcast Corporation - COO, President of Comcast Cable Corporation

Again, all of these documents will come out in public. But our focus right now is on integrating this business and executing the strategy that we've just talked about for the last 45 minutes or so.

Vijay Jayant - Barclays Capital - Analyst

Thank you.

Marlene Dooner - Comcast Corporation - SVP of Investor Relations

Thanks, Vijay. Operator, let's have the next question, please.

Operator

Jason Bazinet, Citi.

Jason Bazinet - Citi - Analyst

Thanks. I just have a question for Mr. Angelakis. Given the size of GE, some of the disclosures are fairly limited on the NBCU asset. And it frankly has been difficult for us to sort of come up with OCF numbers that are as robust as you show on page 19 for the cable net.

And so I just had two clarifying questions. Can you just give us some sort of number in terms of how much the Universal cable productions is contributing to that number? Second, are you including in full consolidation of assets like Weather, History, A&E and Lifetime, that are minorities? Thanks.

Dec. 03. 2009 / 1:30PM, CMCSA - Comcast Corporation Conference Call to Discuss NBC Joint Venture with General Electric

Michael Angelakis - Comcast Corporation - CFO

Right, there is some unconsolidated assets in these numbers. I think when we provide all the filings publicly, I think we will be very transparent, as we have been historically.

So I don't think we need to go through all the different items here. I think as we issue our public statements, I think you will find them to be pretty transparent. One thing that we have really focused on is really just cash flow in terms of cash, and I think the numbers we are presenting here with free cash flow and those kinds of items all represent really sort of the cash generating aspects of these assets.

Jason Bazinet - Citi - Analyst

And just one follow-up. Am I right on page 35 that that cash flow number from the JV is 100% of the cash flow? That is what the equity holders would get is sort of half of that \$1.4 billion?

Michael Angelakis - Comcast Corporation - CFO

That is correct.

Jason Bazinet - Citi - Analyst

Okay, thank you.

Michael Angelakis - Comcast Corporation - CFO

Just so we are clear, Jason, we are consolidating this -- the \$1.4 billion, in terms of that free cash flow that is within the new JV, that will stay in the business. So it is not necessarily being distributed; it will stay in the business, primarily to delever and then redeem GE's equity interest over time.

Brian Roberts - Comcast Corporation - Chairman, CEO

Let me, if I might, just take this point. I think it is an excellent point. In my mind, we basically are creating two Comcasts. Comcast, the cable and distribution company, and that is going to increase the dividend today, do stock buybacks invest in fiber optics, all the things that we do and have been traditionally doing.

We have an initial stake to get us to 51%, after tax benefits, around one year, 1.5 years of our free cash flow, that we are making an asset allocation to go into really cable programming and other content businesses. And it is our hope that the free cash flow on a go-forward basis will be that which is used to redeploy into the cable programming and content business to buy out GE over time.

And we think that the free cash flow from programming will be redeployed to programming, and the free cash flow from cable will be deployed against cable and/or returned to shareholders. And I think it is hopefully a bit of a simplistic but elegant way to look at the two Comcasts. Obviously, it's all going to be consolidated into one Comcast as a legal matter. And the financial debt that has been arranged is recourse against programming JV, and then you have the parent company on the other side. So that is one way to look at it as well.



Dec. 03. 2009 / 1:30PM, CMCSA - Comcast Corporation Conference Call to Discuss NBC Joint Venture with General Electric

Michael Angelakis - Comcast Corporation - CFO

Does that help you, Jason?

Jason Bazinet - Citi - Analyst

Yes, it makes perfect sense. Thank you.

Marlene Dooner - Comcast Corporation - SVP of Investor Relations

Thanks, Jason. Operator, can we have the next question, please?

Operator

Richard Greenfield, Pali Research.

Richard Greenfield - Pali Research - Analyst

Two questions. One, could you just discuss you are separating out the regional sports networks, something that had always been integrated -- really integrated with your cable unit; you didn't even break it out within your content segment. And just curious if you could kind of discuss the positives and negatives and thought process of why the RSNs, which are really a regional business, not a national business, why it makes sense to include those assets.

And then two, Brian, you said that Comcast overall is better off with this transaction. Was hoping you could just discuss the trade-off. You know, you could have put \$6 billion obviously of more cash into share repurchase over the next year and not had any threat of so-called regulatory gives to get this deal done, versus the transaction you are doing. And wanted to understand how you think about the potential trade-offs of that greater share repurchase and regulatory threat versus doing the deal, and just that thought process would be great. Thanks.

Brian Roberts - Comcast Corporation - Chairman, CEO

Well, let me start with the regional sports business and why we are excited to put that into this joint -- put those businesses into this joint venture. We are obviously very proud of the product that we put on the air with our regional sports businesses. But I think it is fair to say that when you think of sports on a national or global scale, it is hard not to think of NBC Sports and Dick Ebersol. And the ability to have those regional sports businesses combine with NBC Sports and Versus and put it all together, whether it is backdrop or new games or new programming, I think those businesses belong together.

In addition, those regional sports businesses are inherently local. And that local sports coverage we think could be a highly valuable and very synergistic with the local O&Os that NBC has. So for those reasons, I think there is sort of a natural fit to have the regional sports businesses operate as part of the new NBCU-Comcast combination.

Michael Angelakis - Comcast Corporation - CFO

Rich, I guess I will take the buyback. I mean, one thing we have always been very clear about is we want to make sure we have a balanced approach; that is sort of number one.

Over the last roughly six years, we have brought back almost \$14 billion worth of stock. And obviously, we're going to continue to buy back stock.

Dec. 03. 2009 / 1:30PM, CMCSA - Comcast Corporation Conference Call to Discuss NBC Joint Venture with General Electric

We also, less than a couple of years ago, instituted a dividend, which is another form of returning capital, and we increased it 8% last year, increased it now 40%. So we are very focused on returning capital to shareholder.

But the important part is this is very balanced. We are looking at this transaction as generating great financial returns, as well as really long-term strategic returns. So from our view, we are trying to balance both elements.

Brian Roberts - Comcast Corporation - Chairman, CEO

I just want to give from the why do you like this particular transaction, the timing is, I think, very fortuitous, because of where the economy hopefully is going. The size, the deal really is quite appropriate. It is not really stressing. We're thrilled with the rating agencies, as Mike reported, reaffirming our ratings, including doing this transaction, including the dividend, including the buyback announcements.

You got to like the business. Like a lot of these businesses, particularly the cable programming business, which we know quite well. We think it is a reasonable risk, and that is what we have always done at Comcast. That's how you get superior returns and how you build value in the long run, so you have to also like the deal. And that is where I think Mike has structured, with many others, a very, very good deal that is fair to both sides, but really respected all of those key principles that you just articulated.

Richard Greenfield - Pali Research - Analyst

And just to follow up real quick, is it possible -- or are you factoring in that there will be some negative impact regulatory-wise on the core cable business that will simply just be outweighed by the strategic benefits of being a big player in cable networks, which is a great business?

Brian Roberts - Comcast Corporation - Chairman, CEO

Listen, if it got to a point that it became material, then the deal wouldn't go through. And I don't believe that is what will happen. I think that is something that, as you will read in the documents, have negotiated the right for.

But frankly, we are already in many of these businesses. There are very clear rules. We would expect to have reasonable conditions, some of which we've suggested today, that we are prepared to -- or because the new nature of some of the businesses we are going into. But I think we really believe this is an approvable transaction in a way that will not have that kind of harm, and we are pretty optimistic.

Richard Greenfield - Pali Research - Analyst

Is there a breakup fee?

Brian Roberts - Comcast Corporation - Chairman, CEO

No.

Richard Greenfield - Pali Research - Analyst

Thank you.

Dec. 03. 2009 / 1:30PM, CMCSA - Comcast Corporation Conference Call to Discuss NBC Joint Venture with General Electric

Marlene Dooner - Comcast Corporation - SVP of Investor Relations

Thank you, Rich. Operator, let's take the last question, please.

Operator

Tom Egan, Collins Stewart.

Tom Egan - Collins Stewart - Analyst

Great, thank you very much. I guess I was wondering what this means for the strategy of TV Everywhere. And does this allow Comcast to harness content -- allow Comcast to harness the content to push that idea through?

And I recall that USA and Syfy were two cable networks that really allowed or enabled viewers to watch their stuff free online, and if that is going to change going forward. Thanks.

Steve Burke - Comcast Corporation - COO, President of Comcast Cable Corporation

Let me try to take that question and sort of broaden it to Hulu as well as TV Everywhere. Right now, NBC Universal is distributing a lot of their broadcast content on Hulu, and they have been quite careful not to put too much of their paid-for-cable content out for free over the Internet. We think both those strategies are smart and appropriate -- not that they asked us -- and we would see after the deal closing, lots of broadcast content going to Hulu and being available for free, and cable content that cable customers pay for, that cable companies and satellite companies and telcos pay for, being on TV Everywhere.

So really I think in a way Hulu and TV Everywhere are complementary products, and I think right now, the way NBC Universal are managing those two ways of distributing are very similar to the way we would want to do it when the two companies come together.

Brian Roberts - Comcast Corporation - Chairman, CEO

I think in just windows in general, even if you go to movies, our principal focus for years has not been about movie theaters. Rather, it has been about DVDs and being [day and day] closer to DVD, to expand the offerings from libraries and On-demand, putting it on multiple platforms, finding authentication techniques to allow it to go mobile.

And I think all of those things are more likely to occur in a way that is good for the distributors and for the content companies, and, most importantly, for consumers, and that is, I think, something that we are going to be able to really focus on accelerating. We have a lot to learn, but there seems to be a real march by both industries to figure out how to give the consumers what they want.

Tom Egan - Collins Stewart - Analyst

Right. Is it possible that after the deal closes that you may want to change from the NBC perspective how Hulu is offered? I mean, so, for example, could there be a Hulu Premium?

Steve Burke - Comcast Corporation - COO, President of Comcast Cable Corporation

That is certainly not in the cards. Nope.

Dec. 03. 2009 / 1:30PM, CMCSA - Comcast Corporation Conference Call to Discuss NBC Joint Venture with General Electric

Tom Egan - *Collins Stewart - Analyst*

Okay. Thank you.

Marlene Dooner - *Comcast Corporation - SVP of Investor Relations*

Thank you, Tom, and thank you all for joining us this morning.

Operator

There will be a replay available of today's call starting at 11:30 a.m. Eastern Standard Time. It will run through Tuesday, December 8 at midnight Central Time. The dial-in number is 800-642-1687, and the conference ID number is 44380493.

30 p.m. today. This concludes today's teleconference. Thank you for participating. You may all disconnect.

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