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Comcast's much-anticipated venture into the wireless market won't be derailed if AT&T's bid to buy Time Warner is approved.

In an interview at the UBS Global Media and Communications Conference, Comcast CFO Michael Cavanagh was asked if the \$85.4 billion deal, which would create a media-telecom giant to rival Comcast, changed his view of the Comcast's world and its plan to get into the mobile market.

Cavanagh was direct in his answer. "Not at all," he said.

With more than 150 employees working on the wireless launch, he said the plans are still moving ahead toward the service's expected arrival in mid-2017.

"We have an opportunity, we believe, to bring a product to our customer base," said Cavanagh, stressing that its mobile offerings will be designed for customers who already subscribe to a Comcast service. "It's got to be with customers who are otherwise buying products with us, who have an affinity with us to begin with. What could work for us doesn't necessarily translate into what other people think we ought to be trying to do."

He said the company remains optimistic about entering the mobile market, which comes as AT&T builds itself into even more of a Comcast competitor with an expansion beyond its wireless, internet service and DirecTV offerings. Through the Time Warner merger, AT&T will own its own content including the Harry Potter movies, HBO, CNN, TBS and a host of other properties. When Comcast bought NBCUniversal in 2011, it gained control of NBCUniversal properties including NBC networks, USA, SyFy, CNBC, Telemundo and Universal's film properties.

"We have really good reason to believe that running hard at this will teach us a lot," said Cavanagh, adding it will operate in a "capital-light mode" and that the mobile offering won't be subsidized by the existing business.

"We'll be crystal clear with all of you guys as to how that's working," he told investors.

Cavanagh weighed in on a number of topics relating to Comcast's operations, here are a few other takeaways:

The cable giant also isn't worried about AT&T's new DirecTV Now offering, which allows new customers to pay \$35 to stream more than 100 channels, minus DVR and some network channels, with no set-top box or dish. Cavanagh said they expect and prepare for increasingly tough competition by investing in a breadth of content and providing varying levels of service for customers with different needs. He said the company's not overly concerned about customers being tempted to switch to DirecTV Now since Comcast's broadband business has competitive bundling packages that provide a "great value" to the market. (A recent analysis by analyst Craig Moffett shows Comcast only loses \$5.50 for each customer that cuts the cord because of its bundling packages and broadband options.) "There are going to be situations where somebody else's product might be good enough, but I'm not really worried. That's not where we're making a lot of

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money necessarily, but it doesn't mean we're not going to try to have answers to those use cases as well," said Cavanagh. "We'll be hustling to compete."

Its X1 platform — a next-generation set-top box that pulls On Demand, DVR, live and third-party content including Netflix into an simplified searchable experience — has helped increase overall consumption of content, like the NBC's exclusive Olympics coverage, compared to customers without X1 and non-Comcast customers. "The ratings pull is significantly higher," said Cavanagh. They plan on replicating special Olympics features on X1 for other events.

NBCUniversal theme parks have been boosted by the magic of Harry Potter. Cavanagh said the parks were an "under-invested business" five years ago, but it has transformed since Comcast's acquisition and the opening of new Harry Potter attractions has helped contribute to a 62.4 percent increase in revenue at Universal's theme parks reported in the Q3 earnings call. " Harry Potter's been great to us," said Cavanagh, who highlighted the addition of a second Wizarding World of Harry Potter in California this past April. "We're seeing the benefit of that lift in the Hollywood park this year." The company also owns a 50 percent stake in the Wizarding World in Japan, which opened before Comcast bought in. Its long-term theme park strategy includes continuing to open new attractions and parks to increase the parks' desirability as a week-long vacation destination for families. – *Philadelphia Business Journal*



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