Oral History of Julian A. Brodsky

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Weber: So, I'm Mark Weber of the Computer History Museum and we're here today with Julian Brodsky, cofounder of Comcast and one of the key people in American cable media networking and other things. And I'm here with Marguerite Hancock of the Museum and Chris Fralic, a trustee at the Museum. And did I give the date? September 17, 2019. And thank you so much for doing this.

Brodsky: A pleasure to be here.

Fralic: Thank you, Julian.

Weber: So let's just start with where, your full name and where and when you were born.

Brodsky: My full name is Julian A. Brodsky. I was born about a mile and half that way--

<laughter>

Brodsky: In South Philadelphia in 1933.

Weber: Tell me a little bit about your family and--

Brodsky: Right. My father was a small businessman in the fruit and produce line, supplying stores with product. My mother during World War II was, had a secretarial position. Other than that, she was a homemaker.

Weber: And siblings.

Brodsky: I have a younger brother by five years, Marc Brodsky. And he had quite a reputation as a physicist. He got his Ph.D. at the University of Pennsylvania here in Philadelphia and spent 25 years at the Watson Labs, IBM's basic research center. Very prominent in the pure science underlying a lot of computer technology, particularly in wafers and chips and other uses of silicon-like products. After 25 years, he was recruited to be CEO of the American Institute of Physics in Washington. And he sired a generation off other PhD’s, you know, the daughter and a son. One's an eminent geophysicist and got a PhD at Caltech. The other one is a biophysicist who got his PhD at MIT.

Weber: And so well, tell me about your world when you were growing up. What did you like to do? What was your neighborhood like?

Brodsky: Well, it was an urban environment. I was a street kid growing up in South Philadelphia, which I thought was fantastic -- the experiences, the people you met, the things you did. My parents were liberals, intellectuals. And it's odd because my father never got beyond the eighth grade in public school, as many of his generation did, and dropped out at that point to help the family. But before it was all over, our kids and his grandkids were fighting over his collection of art books, music books and what not. He was a competitive chess player. He tutored all my cousins in college calculus and algebra, and just a good example of the intellectual environment in which we grew up.

He served in World War II. After the War, he made sure we enrolled in the Great Books Program which was something put forth by the University of Chicago where you had these paperback editions and they had a new book every week. And it went on for years starting with the Greek philosophers and right up through the Shakespeare, "Beowulf" and literature through the centuries, philosophy through the centuries, science through the centuries.

And I guess I started this when I was about 13-years-old and did it for several years. It was painful to spend -- as much as I love my father and I loved the subject matter -- I kind of missed my friends every Friday night doing this for years. But the upside was I didn't have a whole bunch of reading to do in high school and college, having been through all this. And my mother had a great mind. She was avid reader. She was the only person I knew, I guess there were lots of others out there, who really got through *The New Yorker* every week, cover to cover, when it came in.

Weber: And so, what were your favorite subjects in school and what were the biggest influences on your early years?

Brodsky: Well, I was very fortunate. The educational system in Philadelphia was fantastic. The teachers were essentially products of the Great Depression. So, you had many, many talented people who were limited in the jobs they could get, teaching being one which they could get. So, you had great talent in the school system and that went all the way from first grade through high school in the three schools that I went to in the public school system. It was typical, if you were academically talented in Philadelphia, to transfer to either Girls High or Central High School, which were the two elite schools in Philadelphia. I elected to stay in the public school-- in the public schools-- in the regular schools and I was [at] Overbrook High School, where we had PhDs heading the English Department and the Spanish Department, the History Department and I never regretted it. And besides, they had girls in those schools and there were no girls at Central High. <laughs> And I enjoyed that part of my education.

Weber: What did you want to be when you grew up?

Brodsky: In phases. When I was, let's say in elementary school and through junior high school, maybe through the ninth or tenth grade, I thought I'd be a scientist. I was fascinated by all aspects of chemistry, what little bit I knew about physics, astronomy and the like. As I started to read more, I was totally captivated by the romantic and bohemian notion of the writers, particularly those who emigrated or spent their time in the twenties in Paris, Hemingway, Wolfe, R. Scott Fitzgerald, Dreiser, the like. And so, I thought it was mentioned in the caption in my high school yearbook, you know, "Here we find Julian on the Left Bank in Paris writing." That didn't stand a chance. I did some, but it wasn't very good. When I got to go to college, the University of Pennsylvania, I enrolled in the Wharton School of Finance and Economics, the business school, but took no end of courses that I could squeeze in my schedule in the college, including several history courses, anthropology courses, English courses, philosophy courses because it's a great university. And the even though I ended up being a Certified Public Accountant, I only had two or three accounting courses while at Wharton, and was not very good or attentive in those. So, I did manage to get on the staff of the *Pennsylvania Literary Review*, which was not pretty common for Wharton students to do.

Weber: What led you to apply to Wharton? You already had a direction at that point.

Brodsky: Yes, I thought that my talents would lie in business and--

Weber: Why?

Brodsky: Just the feel I had. And I think probably the other reason was I didn't feel like taking a foreign language, which was a requirement in the college.

Weber: Did you like math all right?

Brodsky: Yes, I liked math. I struggled a little bit with higher mathematics. I resisted having my father tutor me in the subject, though.

Hancock: Had you had early experiences with work, a first job at that point, or was it more than your imagination of what you thought business might be like?

Brodsky: Oh, I had jobs always starting from the time I was about eight or nine-years-old. There's a great Italian Market and section in Philadelphia. You may remember Rocky running through the streets of the Italian Market with the fires burning in the trash cans and the stars on the sidewalk. I had a job when I was eight or nine-years-old, just watching a stand in the Italian Market. And then I always had--

Fralic: What does that mean, watching a stand?

Brodsky: The vendors had their goods, soft goods in this case, displayed and you're there to make sure nobody took the soft goods off the stand <laughs> in front of the store. And the crowd, it was such a vibrant area. So much life in the Italian Market. Then I've had jobs all through school. And the principal ones I had in high school and college was I worked in perhaps a dozen different Pep Boys Stores, automotive supply stores. I was always welcome there because they had a system of what they called spiffs, and that's the type if you sold that merchandise the sales staff got an additional bonus. And I kind of specialized, it was a fun game for me to always sell the spiff. And the stores loved it because I didn't participate in the pool because I was a part-time worker. And so, I could always come in any-- Even at Penn, there was a Pep Boys store on the campus, and I worked there. I had, I worked in the Daggett & Ramsdell division of the Fuller Brush Company, which was their women's cosmetic division. Again, it was door to door selling as they did with Fuller Brush.

Hancock: This is door to door selling?

Brodsky: And so I, I think I was in high school, I guess, where I would go door to door. The woman would open the door. I'd get that lipstick right on her wrist. "Isn't that nice?" <laughs> And then you collected and delivered it the following week. It was just the way, it worked the same way as Fuller Brush worked.

And then I worked at an auto radiator company, where it's amazing I survived because in the mornings, in the early mornings we'd work and I'll tell you, what you did is we picked up from different dealers the radiator. They'd take it out of the car. And the radiator has tanks on the top and bottom that are soldered. So you remove the tanks and some acid bath. You seal them and you push pressurized air through them and see where the leaks were, find the leaks, solder the leaks. And all this was around acid and everything. Put the tanks back on the top of the radiator. And then I had a marvelous Ford 150 pickup truck that I could deliver the radiators <laughs> back to the-- So I'd zoom all around Philadelphia. And then the last two hours of the day I kept the books of the company. <laughs>

Weber: Aha!

Brodsky: I was a bookkeeper. And it was a great man and a great owner who was so kind to me and taught me so much. He was a graduate of the Wharton School, totally frustrated and misplaced owning an auto radiator company. I guess he inherited it from his father. But he was-- His name was Robert Lipton, I remember that. He was just a marvelous man. And I think it broke his heart when I went back to school. And had so many jobs all-- When I was at Penn, my principal jobs were within the library system of the University of Pennsylvania. So, I worked in the stacks, rare books, cleaning. I remember we had in the attic of the Wharton School you had to strip down to your underwear it was so hot, and we'd vacuum things. You'd vacuum books and clean them. But eventually, I got the absolute best job in the University.

Hancock: And what was that?

Brodsky: There was a turnstile in the main branch, and everybody had to come through the turnstile. Well, if they had a book bag you opened it up and you inspected whether the book was checked out or not. And that certainly gave you a reason to talk to whomever you wanted to talk to for as long as you wanted the talk while you inspected these books and make arrangements to meet at the New Deck Bar and Tavern right across the street on Woodland Avenue.

<laughter>

Hancock: Sounds like you--

Fralic: I didn't know you had quite a security history in your working days from the library to the Italian Market.

Brodsky: Oh, yes.

Fralic: Yeah. <laughs>

Brodsky: It was kind of primitive. It was eyeball security. It was very automated.

Weber: So, when you were at Wharton, what did you-- what did you think you wanted to be then?

Brodsky: I still wanted to be a writer. It was becoming pretty clear I was not going to be. I was literally a general major. I didn't have a specific thing. But I was pretty judicious in how I picked my courses. For instance, one year I decided to take courses in the Sociology Department in comparative social systems, in Economics Department, comparative economic systems and in the Political Science Department in comparative political systems. So there was about 70-80 percent overlap in the subject matter between those things. So with three courses, one set of studying got most of it done. But that was fun, though, to be able to take courses outside of the Wharton School. So, as I say, the Wharton School had an enormous requirement of required courses, which I think in those days you needed something like 140 credits to be graduated from the Wharton School. And I'd say well over half of them were required credits.

Weber: So did you have time for any extracurricular activities?

Brodsky: You asked the wrong question. Didn’t I have any time for school because of my extracurricular activities--

<laughter>

Hancock: He was just talking about meeting at the New Bar. <laughs>

Weber: Yeah, I know.

Brodsky: No, I played a lot of basketball, other sports. A little tricky. I was a victim of an accident when I was seven years old and lost the sight in my right eye, which made depth perception difficult, if not impossible. You had to see me in chemistry trying to get the test tube over the Bunsen Burners. It was elusive. And of course, in sports such as baseball, an off-speed pitch, I could take three swings on the same pitch and still not find it. And basketball I shot off of the floor. You know, so I made a lot of money in no look shooting in-- <laughs> in horse and pig and those kinds of games. <laughs> Because looking at the basket didn't help me a whole bunch.

<laughter>

Brodsky: But I did a lot of athletics and enjoyed it very much.

Weber: And then you served in the Army for two years.

Brodsky: Yes. This was in the mid-fifties when, you know, there was still a very active draft system. Literally everybody was being-- Unless you were married with a child or something like that, you could-- and you got deferral for your education. So, you know, they were drafting PhDs and everything and it was essentially a two-year commitment. Well, commitment may be the wrong word. Request. <laughs> And so I was drafted in April of 1956 and at that point, just getting serious with my now wife, Lois.

And I thought I was going to make my career in hotel and restaurant management. I had written my senior paper or food and beverage cost control. I had worked two summers at resorts in the mountains, the Poconos, essentially in accounting and bookkeeping and payroll and got involved in fraud detection for the kickback scheme in the kitchen from vendors. So, I got interested in that part of the business.

And so I went to Florida and applied for some jobs. One of the larger chains down there hired me to be the assistant controller of the Hollywood Beach Hotel. And then, but I was getting pretty serious with Lois, but not totally serious at that point. And I said goodbye. In those days how I got-- My parents were living in Florida by this point -- and the way I got to or from Florida was very economical and efficient. I'd ferry cars and they'd give you anywhere, maybe five, six days to deliver a car from let's say New York and Philadelphia to Palm Beach or Miami. So I'd tool around Philadelphia and New York for four days or something then pshew.

<laughter>

Brodsky: Right down to Florida. So, I got down there and looked at the landscape with which I was pretty familiar. I was pretty familiar. My folks were down there. But it was all so white and clean and dull. So, I resigned the week before I started and went back to New York and to Lois in Philadelphia. Took a job as an auditor, an internal auditor with the International Ladies Garment Workers Union. In case I forgot to mention, I was a socialist at the time. Little did I think it would come back into vogue again. <laughs> And I was active. You know, I grew up in a family where, you know, Franklin Delano Roosevelt was just this side of God, and every home had a photo of Roosevelt in it. And I thought that there wasn't a problem in the world that could not be solved by an enlightened government. I mean, I was really drinking the Kool-Aid. I have a habit of doing that as you'll find out over time <laughs> when we get to 1999.

<laughter>

Brodsky: But I got enormous training. I was put into the Internal Audit Department and they did very detailed audits. So I learned a lot of technique -- much more detail than I eventually did because it was transaction-oriented auditing rather than risk evaluation enterprise, you know, auditing. So, it was very helpful in the long haul. My specialty became the efficacy of strikes. It made me cynical. There were strikes that were taken because they were strategic and important; and then most of the strikes where, "God, willing, we collected enough dues money to pay for the cost of the strike." You know, that sort of thing. So I spent a lot of mornings on picket lines and in the afternoons trying to figure out how much that strike was costing and what the eventual revenue potential was for it, and that was great training.

And then I was drafted. And the deal I made with Lois at the time was that if I went overseas, we'd postpone our marriage, whatever our intentions were, and if I was going to stay stateside, we'd get married. And this was in the summer 1956. So, I finished my training and my advanced training. And the tradition in the Army was that if you finished number one in your class, you had your choice of assignments for that class.

And as fate would have it, I finished number one in the class. As a matter of fact, I was teaching it after the second week. <laughs> Just different, teaching typing and the history of the Army, so. <laughs> In typing, all you had to do is learn one thing. It didn't matter what you typed, as long as you looked military doing it. So, I would say, "Gentlemens. Youse will keep your right feets in place <laughs> and your elbows at 90 degrees to the thing." <laughs> And in any event, I finished first in the class, you know, however that turned out to happen.

And so, the assignments come down to the class and they're all overseas but one. It was a stateside assignment to the Chief of Ordinance without telling where it would be serving the Chief of Ordinance. I noticed that the head of Ordinance was Aberdeen, Maryland, and that would have been pretty good. So, I came back and called Lois and we got engaged in September of 1956 and got married in December of 1956. But the assignment turned out to be fortuitous for the way the rest of the work, because it turned out to be at the Army Ballistic Missile Agency in Huntsville, Alabama. Now in Huntsville, Alabama there were several distinguishing factors about that post. It had the highest educational level of any Army post as such, because we were just chock full of PhDs, chemists, astronomers, mathematicians. The education level, including the cooks and the MPs, was post-graduate. So, with a bachelor's degree we were just this, the type of people they had, and we had something else that no one else had. We had the 200 good Nazis from Peenemünde, Wernher von Braun and the boys.

Fralic: Oh, wow.

Brodsky: See, the Russians had the bad Nazis.

<laughter>

Brodsky: We had the good Nazis. We smuggled 200 of them in through Mexico, Texas, to Huntsville, Alabama and that's where they were.

Weber: Including von Braun.

Brodsky: von Braun was there, oh, yeah, and all the heavy rocket guys and the guidance guys, the computer to the extent that there were much in the way of computers then. Oh, it was a wonderful post, just wonderful. That average educational level -- all they cared about was the mission.

And it was very interesting. In those days, each of the three services had their own space and rocket programs, the Air Force, the Army and the Navy. And Eisenhower and the government decided the Navy would spearhead the U.S. rocket and space program to get something launched. I remember when I showed up in Huntsville, they took me to a warehouse in my orientation. I never got out of headquarters. I was supposed to be out in some unit someplace. You know, they saw my record and everything and they just, I ended up being in charge of Officers Personnel for the whole post, you know, in the Headquarters

Company. So I go through this warehouse and they showed his golden ball. "What's that?" They said, "That is a satellite." I said, "Well, what's a satellite?" "Well, you put it on a rocket and you shoot it a couple hundred miles up and it orbits the earth." I said, "You got to be kidding me. It's going to fall down. <laughs> Let's go get a beer."

So meanwhile, the Navy with its Vanguard program cannot get its rockets off the pad. And our guys are bitter. one ofof colonels got court martialed for criticizing Eisenhower's decision. You did not cross Ike. He was still a general. And they sent him down to inspect sewers in Panama. He was a regular Billy Mitchell kind of guy. But meanwhile, the Navy can't get it off the ground. They can't do anything. And lo and behold, the Russians launched Sputnik and the country went crazy. Missile gap, education gap, math, science. And Eisenhower says, "Anybody, please launch a satellite."

So our good Nazis, <laughs> got a flatbed truck, put a modified V2 on it. Got that gold ball out of the warehouse, went down to Cape Canaveral, as it was known in those days, and in less than 90 days launched that gold ball, which was Explorer 1, the first U.S. satellite. And Eisenhower who was a pretty smart guy said something wrong with this movie. He did away the three military programs, created NASA, headquartered it in Huntsville, Alabama at the Army Ballistic Missile Agency where we were and that's from there, you know, it was NASA's show from then on.

So I spent a wonderful two years. I had a real job, a real mission. I figured out how the IBM systems worked and how I could get unauthorized personnel onto the post to help with our mission. I could build things that weren't authorized, and other bad or good things, depending upon how you looked at it, but it was an enormous experience. It didn't have any of the trappings of a military career because we were open 24 hours a day. When I made sergeant, I had my choice of the barracks, NCO…. And so I decided to pick the cooks -- the administrative sergeant for the cooks.

So, I had to sign for three day passes and stuff like that. And we'd do, since the mess hall, we had a mission -- the mess hall was open 24 hours a day. We never had inspections or anything because there always cooks sleeping and stuff like that. And they knew how to treat their sergeant nicely. Everybody was waiting in line to get in the mess hall. I came in the back door. I had my table there in the kitchen. <laughs> And it was wonderful. And except the fact that it took two years out of my life and my career and it was the only time I was ever in debt in my life. It cost me $1000 dollars that I borrowed from my Master Sergeant for Lois to join me in the summer of 1957 just were married at that point. We got married in December of '56. But the experience was enormous, the things I learned and the people I met, the exposure to scientific thinking and disciplines. I was never bitter about it. My father was in the service and my brother had an entirely different-- He, my father was aghast that I went in as an enlisted man, since my brother had taken ROTC and went in an officer. And I had cousins killed in World War II and everybody in the family served and I was always proud to serve. But it was two years. <laughs> It was--

Weber: And did the German rocket scientists mingle with--

Brodsky: Not a lot. In the chess tournaments, that was our main sport, except playing basketball against the military police, which I still have a crooked finger I played a lot of basketball in my life. Nothing was as rough as playing against the MPs. I think they had their clubs with them, you know.

<laughter>

Weber: But you met all those guys, the--

Brodsky: Oh, yeah, well, yeah--

Weber: The rocket scientists.

Brodsky: Not, actually--

Weber: Or saw them?

Brodsky: Not--

Weber: No.

Brodsky: It was a pretty much closed environment and I was in administration and I dealt with the officers and the enlisted men. But it was great. We didn't have a single inspection the two years there. We had annual inspections and my job was to talk to the commandant, the commanding officer out it -- that we were too busy to bother. We couldn't really shut down and waste two days getting ready for an inspection. So, the two years I was there, we never had an inspection. And I did the budget for the post and that sort of thing and those kinds of skill sets. And all in all, it was rough on my wife, who was living in a shack on the side of Mount-- Monte Sano Mountain outside of Huntsville. And we had no cars or anything. So that part was rough.

Weber: And then, yeah, and then you went back to Wharton right after that, right?

Brodsky: No, I was finished at Wharton at that point.

Weber: No, but didn't it say you were-- Oh, okay because the note said you--

Brodsky: But in fact it was just--

Weber: You returned to Wharton to study accounting.

Brodsky: Returned to New York after Florida--

Weber: Okay.

Brodsky: Yeah, because I think we--

Weber: Because that I thought was from the-- Okay.

Brodsky: No, it was I'd say--

Weber: All right, so tell me the next--

Brodsky: As a matter of fact, that's what's so strange about those days. Finished school in June of 1955. We all wanted to go in and get the two years over with. They didn't need any people. I had to wait until April of 1956. So those were the 10 months I went to Florida, came back, and went to work in New York in those 10 month periods as an auditor for the labor union.

After the Army, I went back to, they opened a branch of the Audit Department in Philadelphia from New York of the ILGWU and I did a couple of months there and that was my wife's good judgment. She said, "Two things. You ought to think about making a living." <laughs> She met some of the older auditors and she didn't see that as perhaps the best, the most profitable use of my time. And she said, "Why don't you try accounting?" She thinks, you know, since I'm starting so far behind, maybe I can have a faster career path in there than some other fields. And I remember the two or three accounting courses I had. Okay, sure. And I had this auditing training with the union, which was really high-level stuff.

And so I answered the first ad in the paper for a CPA firm. It was William E. Howe and Company here in Philadelphia, just up the street. William E. Howe was the head of the Accounting Department at La Salle University, a Catholic school. The staff and the professionals were 100 percent Italian or Irish, but all Catholic and I was the first Jewish employee they ever had. And that was one thing unique about the firm. But even more important and unique about this firm was that it had a half a dozen of the CATV pioneers as clients. The cable industry really started in Pennsylvania. You know, people think that something happened in Astoria that may or may not have anything to do with anything. We tend to ignore those assertions. So, but it was all over the Pennsylvania Valleys.

Weber: Why?

Brodsky: One, because the technology that made CATV possible was developed by a company called Jerrold Electronics headed by Milton J. Shapp here in Philadelphia. And the technology that he used was …he was the largest supplier…Jerrold Electronics, was a large supplier of MATV systems for apartment houses.

Fralic: Can you describe what CATV and MATV mean?

Brodsky: CATV stood for-- Well, it didn't exist until this happened. MATV stood for master antenna system. You put an antenna on the roof of an apartment building, and you did loop wiring through all the apartments, and you had amplifiers and repeaters to pump the signal along. And that was it. He saw this problem, and he-- Let's take a step back. TV signals travel in a straight line as contrasted to radio waves, which bounce all over the atmosphere and you get them everywhere. Therefore, there has to be line of sight from the broadcast site to the reception site. The curvature of the Earth is such that once you get about 60 miles out, the signals start to pass over whatever's below them. In the late 1940s, the FCC put a ban on the issuance was of construction permits for new TV stations while it tried to sort out spectrum allocation issues. And there was no UHF yet or anything like that and they just did not know what to do.

So the cities and larger communities had broadcasters. The great chunk of the nation did not have broadcasters. So that 60 mile or 80 mile problem due to the curvature of the Earth was made even more complicated if there were hills and mountains involved. That cut it down even more. So all these Pennsylvania Valley towns were TV free; they were starving for reception. And as the National Cable Television Association liked to call them, a ragtag group of entrepreneurs--

<laughter>

Brodsky: Mainly TV repairmen, TV appliance dealers, very anxious to sell TV sets in communities that had no TV. So they stumbled upon this problem and the solution of building towers on the hills outside of town, maybe 500, maybe 1000 foot towers with antennae to intercept these signals passing over their communities and then run the wire through the forest and around the hills to Grandma's house in town. And they'd bang and put them up on poles and bang them on the side of houses, lay them on the ground, however, they could move along. And the amplifier to repeat the signals was simply a waterproofed, almost waterproofed, version of the amplifier that Jerrold Electronics was selling for the apartment houses. That was said to-- That was a technology that could repeat a signal and boost it along. Not very far. Once you got passed 20 amplifiers in line, you're looking for trouble.

Weber: How many feet was that?

Brodsky: That may have been, I forget. Only a couple of miles. And the architecture was branch and tree, like same as the water architecture. You have a main-- you have a tunk and then you have distribution. Then you tap off the distribution into individual homes. So that's the-- that was the construction and the typology that they used to to build them. So that was going on and this firm had a half a dozen of these entrepreneurs. If I had to guess the number of cable subscribers at that time, it was 1959, probably 200,000 or 300,000 in the United States. Nothing. And we'll get back to that in a minute in the story.

But at that same point, the Subchapter S provision had just come into the Internal Revenue Code. And that was, in effect, allowed an entity to take the form of a corporation yet pass on the tax benefits as though it were a partnership. Perfect for, you know, a growing industry where you're, you have predictable startup lawsuits because it's a high fixed, low variable cost business until you break even with the number of subscribers, you know, you're going to have startup losses. A lot of capital equipment involved, expensive, therefore, great amounts of depreciation that were generated and available. So Subchapter S was just wonderful for taking advantage of these unique tax attributes. So, I spent a fair amount of time, wandering around the valleys of Pennsylvania converting these clients from C Corps and regular partnerships and proprietorships into S Corps. And, you know, in public accounting, you see dozens of businesses. It's a wonderful education, especially if you're working for a small or medium size firm. It's the greatest education you could possibly get and business experience because you see all types of business. It's not as though you're going to sit for six months, and audit U.S. Steel or something like that. Maybe you see two businesses in a year or three businesses a year or maybe just one. So, I was very lucky in that respect. And these guys were totally irresponsible. They gave me things to do that were way beyond my capabilities.

<laughter>

Brodsky: I used to sit up reading all night about what I was going to be doing the next day and as far as accounting standards and accounting principles and all that stuff. But it was a fabulous opportunity and education. It was great. And I made lifelong friends from the clients, and those cable clients played another roll of my life later on, those same people that I met in 1959.

Weber: And what were they like, those-- What was your typical--

Brodsky: They were, the clients, they were tough as nails entrepreneurs. Nothing was going to stop them. Do you remember the cable industry had no end of enemies always, whether it's Hollywood broadcasters, motion picture theaters, newspapers, magazines. Everybody fought and lost to the cable guys. They were just tough and--

Fralic: You met a client there, Ralph Roberts, who was in a different business at that time.

Brodsky: No.

Fralic: No?

Hancock: No. I--

Brodsky: No. I didn't.

Fralic: Correct me, correct.

Hancock: I was actually going to go a little bit back. Can I go back a little bit further? You started to talk about the people that you had met at Howe and Company and how there was this constellation of people. John Walson, Marty Malarkey.

Brodsky: Oh, John Walson was a client and Marty Malarkey was a client. And so John Walson's name was John Walsonovic and his two sisters. Service Electric Company in Bethlehem, Pennsylvania.

Hancock: So, it seemed to be that there was this this unusual confluence of people who as, like you, became key in cable. Could you say a little bit more about those people?

Brodsky: Oh, there were so many of them and they were so colorful.

Hancock: Tell us about a few of them that really were key for you at that time.

Brodsky: Well, John Walsonovic was, well, he always spoke in the third person. I loved characters that do that. He would always say, John does this, and John does that." And his nemesis in life was a couple, Barkley Yee and his wife, Sheila, was for years the only notable overbuild in the United States. There was literally wire to wire competition. He was called Twin Something or other, Twin Cities Video and John's Company was called Service Electric. And they went head to head throughout the Lehigh Valley in Pennsylvania. And I got to know both of them. Well, John was a client and then Barkley -- I just kept running into. His wife Sheila kept the books in the basement, as did-- eventually, Marguerite Lenfest did the same thing for Gerry Lenfest in suburban Philadelphia.

Another prominent cable operator many, many years later, Irving Kahn, was the CEO of the largest cable operator, TelePrompTer -- fascinating background. He was a nephew of Irving Berlin. He was All-American drum major for the band of the University of Alabama. He took TelePrompTer from being the teleprompter company that had these things that helped people make speeches and put them into the cable TV business. And he predicted -- and was evangelical about broadband years and years before anybody even knew what he was talking about. Unfortunately, he was convicted of a bribery thing in Johnstown, Pennsylvania. It was very questionable as to whether it was bribery or extortion on a cable franchise renewal and almost the same set of facts in Trenton, New Jersey. The city officials were convicted of extortion. I think it was Trenton. It may have been some other town in New Jersey. And he was really charismatic. He was a such a visionary. So eloquent, but unfortunately, he has this incident in Johnstown that put him back.

And these were just interesting people. Alan Gary had a very small repair shop in Liberty, New York. Then, he built that up into it. Then, there were literally prominent families who sought-- namely, the Newhouse family from Conde Nast and whatnot. They were very early. It would advance Newhouse into the business and put a lot of class and respectability to the business. The Cox family from Cox Enterprises, the newspaper publishers, very prominent and leading and there were several things like that and everything in between. CBS tried to get in the business and didn't, couldn't succeed.

So they were a wide, divergent group but they all had a single vision of locality, of serving a community and being part of it. It's something that the telephone company was pretty good at. The broadcasters didn't know anything about it, and we were really part of every community in which we served and the-- I think that really made the cable guys. Our strength, believe it or not, our customers like us very much. There was no other way they could get television. You hear all these terrible horror stories about service from cable companies and whatnot. It's still pretty darn good when you look at the numbers and the percentages because the complaints are louder. But it's a very small percentage of customers, for the most part. And that was our strength, our locality, being part of the community. We always got marvelous letters of recommendations from the mayors and city councils of the communities that we served, so that was part of the political strength, grassroots strength of the cable business. But in any event, my career moved on. I left William E. Howe and Company.

Weber: Do you want to ask? There was the Reinhard family. Were they clients?

Brodsky: Oh, my God.

Hancock: Yeah, what about...?

Brodsky: Palmerton, Pennsylvania.

Hancock: Yeah, we...

Weber: And Marty Malarkey?

Brodsky: Marty Malarkey was a client, but-- as was...

Hancock: The Reinhard family?

Brodsky: ...the Reinhold [sic] family-- Reinhold family, I think.

Hancock: Oh, Reinhold, okay.

Weber: Okay. That's serious.

Brodsky: Claude Reinhold and then his sons. In the 1990s, our-- Comcast, our Vice President of Strategic Planning, Mark Coblitz, had heard that some cable guys in Pennsylvania were putting together a telephone network. Some of the cable guys were in the telephone business, and it was called Blue Ridge Cable. The Reinhold-- it just came back to me. They were clients, and they owed me a lot of favors from over the years. We were friendly, this and that. I knew the father. Now, the sons are running the business, and he says, "Do you think we can get to see them?" Not a problem, these guys owe me a lot. So I called. I made an appointment.

So we were driving up there, and he says, "You're not looking at any maps or anything." We were up the Northeast Extension, cutoff at Allentown, but we went west and then up into the hills. So I say, "I know the way. <laughs> I've been-- I was here in 1959." With my 36-horsepower Volkswagen -- didn't make up some of those hills. And so, they got out all the old bookkeepers that were there when I showed up in '59. There was a guy who was a junior at William E. Howe and Company when I was there who is now a partner or a manager, shows up with my 1959 pay record. <laughs> I remember telling him. He gives me a copy, says, "You've come a long way, baby."

Yeah, I know the Reinholds, yeah, and they're wonderful. They showed us around. We saw the whole network. It was pretty imaginative for its time, and Martin Malarkey was one of the most sophisticated people you'd ever want to meet during the early days of cable. He had a hotel. I don't know whether it was in Akron or Canton or someplace, but I know we had-- I went there. We had to stay there, and he literally, I believe, formed the trade association. He was-- started some hotel in Pottsville or someplace as the

Pennsylvania association and it eventually became the National, NCTA, and he was quite the visionary. His partner was an engineering type by the name of Archer Taylor who put a lot of technology, a lot of innovations to the way cable systems were constructed and built and that sort of thing.

Weber: And you learned some of the nuts and bolts of the accounting for the industry from Ed Mallon and Tom Farley. Is that right

Brodsky: That's exactly who they were. Ed Mallon and-- two great Irishmen. Yes, they-- those two guys controlled the cable clients, and not only did I learn a lot of accounting and what the accounting issues might be or the-- they were essentially tax clients. They needed, I guess, a financial board for their banks, but the banks-- there were no banks. No, they couldn't borrow from banks, so there were finance companies. The whole industry was financed by-- literally by finance companies and the loans were typically three-year loans at prime plus five so it was tough, tough, tough. Whenever you bought a cable system at the closing date, well, the first check was always drawn to Economy Finance, this one, that one. So-- but those were two great guys that taught me an awful lot, Ed Mallon and Tom Farley. Where did you get their names from?

Hancock: From an...

Weber: I think from your oral history with The Cable Center.

Hancock: Cable Center.

Brodsky: Oh, could be. Wow, yeah.

Hancock: Did a little...

Brodsky: Could be, yeah. They were very helpful and very smart.

Hancock: Well, with that stage set, with the tales of you exploring the valleys and with the people and these ideas, maybe we could go forward now to when you did meet...

Brodsky: Ralph?

Hancock: ...Ralph and the Pioneer industry of your...

Brodsky: All right. Yes, that is a great story. I changed firms because I wanted to-- I actually got on a fast path. In those days, you had to have a two-year apprenticeship to be eligible to sit for the CPA exam. Now you can take it fresh out of college and that sort of thing. But there were very serious and very strict rules about the nature of the apprenticeship. There were certain things they allowed, people who were not in CPA firms, but the whole idea of the CPA certificate was to be in a position-- we'd say certified public accountant, the certification was to express an opinion on a financial statement. That's what it's all about, and so I wanted to-- since I was starting a little later than most of the folks pursuing careers as CPAs, I wanted to work for at least two firms to get as varied and wide an experience as possible before sitting for the exam.

So I just-- one year up, I just answered the next ad in the newspaper. It was a firm called Adler, Faunce and Leonard, which was the predecessor to Touche Ross in Philadelphia. There was no Touche Ross then, and they had slightly larger clients, a couple of public clients. I could get into other specialties, forensic accounting, M & A, different type of tax work, and then I had a couple of audit clients. But I was kind of their specialty person. I taught statistical sampling for the auditors and that sort of thing. But M & A was one of my specialties. One of their clients, not mine because I had very few audit clients, was Ralph Roberts, who was the CEO and principal shareholder of the Pioneer Belt and Suspender Company, the second-largest belt manufacturer in the United States. Some time in, I guess, 1960 or so, a new phenomenon appeared on the economic horizon of holding pants up called Sansabelt. "Sans-" means "without" in French, "-a-" is "a," and "-belt" is "belt." So these were trousers that would be held up without the use of a belt.

Weber: With what, elastic?

Hancock: Elastic, yeah.

Brodsky: I don't know what-- I don't...

Hancock: Elastic on the inside.

Brodsky: It could have been a secret <laughter> German technology for all I knew. All I knew was you didn't need a belt for it and Ralph knew you didn't need a belt for it and therefore he reached the conclusion without fully appreciating the technology that maybe it wasn't the best time to be in the belt business. So in true American fashion, being the number-two belt manufacturer in the United States, he sold his company to his very good friend from the Young Presidents' Organization, Ray Hickock, who was CEO and owner of the Hickock Manufacturing Company in Rochester, New York, which was the largest belt company in the United States.

Weber: And they're still in...?

Brodsky: You probably don't remember the Hickock Belt, which was awarded each year to the best athlete or whatever, something like that. It was a big-deal thing. In any event, they quickly agreed on a price, and then these New York accountants and lawyers showed up at Pioneer Belt and Suspender Company to work on the deal. And Ralph had a very fine treasurer and very fine controller who were wonderful in the manufacturing environment. They had never seen a transaction in their life, so Ralph calls down to the auditing firm for some help and I was the hired M&A gun. So, I was sent out to Darby, Pennsylvania, which is literally just across the city line here and the southwest section of Philadelphia, and worked on the transaction for a couple of months, and everything worked out fine. I was very satisfied with it. I fought all the fights with the lawyers arguing with the accountants and valuing the inventory and all the other stuff that goes into a transaction.

And then, it was sold, and Ralph had a pile of cash and a very small men's toiletries business he carved out of a branch of Pioneer called Mark II, "The Mark of a Man," had no distribution channel. He made a deal with Hickock to distribute it in the department stores that they called on. It wasn't really a business-business, and then he was going to look for something to do for a company. So, nobody at the firm particularly wanted this as audit client. It was nothing in particular. It was just, that I had worked with Ralph a couple of months and to know Ralph is to love him. I mean, that's all there is to it. He's just the most wonderful guy in the world, and so I said, "I'm going to keep it as a client." So, nobody cared, so I'd go out once a quarter, every three months, knock out a financial statement and had all day to the do the job. It took me an hour and a half, and I'd sit and talk to Ralph who was there sniffing these fragrance strips. Different chemical combinations were used to get the next fragrance or the next product.

And he looked at dozens of businesses, among them CATV. And he kind of liked it, although he thought it was kind of dull because it didn't have all the glamour of advertising, and dealing with Madison Avenue, and them running print ads, and stuff like that and the design aspects of what should the bottle look like, which they had. Yeah, he-- Ralph was very creative, very marketing oriented, and that's not the cable business, not in those days. This was-- it was a community antenna system just selling television reception. I mean, how glamorous can you make that? <laughs>

And so this goes on for a couple of years. Meanwhile, on a parallel path, Dan Aaron, who was the third founder or second founder or the first founder of Comcast, depending on how you spelled it, played the game. But in any event, he was an orphaned refugee from Germany in the late 1930s. His father was a prominent lawyer in Germany, committed suicide, could not assimilate. A month later, his mother committed suicide, tragic story. He had a younger brother. They bounced around from foster home to foster home, couldn't speak English. He fought like a tiger not to be separated from his brother and succeeded. Finally, some rabbi in Williamsport, Pennsylvania, they made a decent foster home for them, had to go into first grade as an 11-year-old not speaking English; got back to Germany in a tank for the U.S. Army; went to school on the GI Bill, and he was a very good student. Got married, got a master's degree at Penn in communications and journalism, went to work for the Philadelphia Bulletin, which at that time was the leading-- an evening newspaper-- it was, it didn't last very long in the post-World War-- and got a job as an assistant to the business editor, Joseph Livingston. One of his assignments was to write a puff piece, if you will, on a company that had just gone public in Philadelphia called Jerrold Electronics with Milton J. Shapp as his...

Fralic: Who was later or before that the governor?

Brodsky: Oh, way before.

Fralic: Way before.

Brodsky: Oh, yeah. This is way before. This is 1960, yeah, around there, and Milton Shapp was so impressed with Dan's writing, he-- and they had just gone public and they needed people to write speeches, do the annual report and stuff like that, so he offered him that job. And within Jerrold

Electronics, he migrated from that job or kept that part of the job but also took on managing their cable systems.

In those days, there was no problem with the manufacturer because there was no competition for the right to build cables because nobody had the money to build them. So, if you were willing to build it, the town was willing to give you, we called them franchises. What they really were, were municipality giving the right to use their right of ways to set poles, and then whether you set a pole or entered into a joint pole agreement with the telephone company or the power company, you had the same rights that they did to use, the city's right of ways, the municipality's rights of ways. So that's the legal premise under which the cable industry operated.

Dan was then was running 30,000 subscribers, which was gigantic. The whole industry, at that point, maybe was up to 500,000, maybe, so this was a big operation and he was pretty successful at it. He had heard about this guy in Denver by the name of Bill Daniels who was brokering cable systems, and the same guys were buying and selling them because none of them could pay back the finance company. So, you had to sell, and then the other guy would buy it, get the finance company. He couldn't do it, and he'd sell it back to the other guy. And Bill Daniels was brokering all this stuff and taking a piece of the action, and Dan thought that was pretty good. He was a cable guy. He was operating the older Pennsylvania guys and everything, and then he meets Pete Musser, Warren V. Musser, who owned a pretty rundown system in Tupelo, Mississippi. That was Dan's first listing as a broker in his life. And he went around trying to sell this. It was not an attractive property and, yeah, Pete was going through-- every so often, there were liquidity issues now and then and this is one of them and so trying to sell this cable and they're having no success in selling it. And legend and history would have it, they're standing on Chestnut Street-- some say Walnut Street-- but standing on some street in Philadelphia, and they see Ralph Roberts coming the other way. Now, Dan and Ralph lived in the same community, knew each other tangentially, not close, certainly by reputation, Ralph's reputation.

Suzanne came from a series of old families in Philadelphia. If there were an "Our Crowd," like they had in New York, this was the "Our Crowd" of Philadelphia. So they say, "I think I see our chicken," or "turkey" or "pigeon," as legend would have it. I'm not sure how they characterized Ralph, but in any event, a prospect <laughter> was coming up the street. And they pitched him on Tupelo right there on the sidewalk. Now, Ralph still remembered how he liked the cable systems that he saw but he didn't know what to do with them and here standing in front of him is Dan Aaron, who was running cable systems before this. On the spot, Ralph says, "Dan, Pete, I will buy this thing if you, Dan, will join me, and together we'll build a large company." And Dan knows Ralph's reputation.

They quibble a little bit about how much equity Dan would get and all that sort of thing, and they strike a deal. Ralph provided the system. For Dan to join Ralph, Dan is out of the brokerage business. Pete is out of his liquidity issue. Everybody is happy. I hear about it that afternoon. I go rushing out to Ralph's office in Bala Cynwyd and said, "I just heard about this. You're not doing it without me. I just resigned." Maybe I didn't, but I <laughs> was close to-- I was ready to. Ralph thought I was nuts. My wife thought I was nuts. My mother-in-law knew I was nuts, <laughs> so I convinced Ralph. I'd cost him hardly anything because I'd save on accounting bills, this, that. I'd do the floors, the windows, anything, and so he said, "Okay."

And that, there was the three of us, so the deal closed in November. We moved into 700 square feet in Bala Cynwyd, Pennsylvania, just across the city line here in the Barclay Building, and we had used furniture, popped $10 for a desk, $5 for a chair. Being fiscally prudent, I couldn't see spending $10 on a desk for myself. I said, "This old bridge table we have at home will do just fine." So, I show up first day at work with bridge table in one arm and bridge chair in the other arm, folding chair, set it up in front of the door because there wasn't really room for it there, and that's how we got started. We recently had our garage painted, and the painters said, "Want me to throw out that old table you have hanging on the wall?" I said, "Don't touch it." <laughter> And so we still have the bridge table and that sort of thing, so that was how it all got started.

Hancock: So how did it start to grow?

Brodsky: Well...

Hancock: You had this emerging vision of what might be possible. You were trying to put...

Brodsky: Vision, how do you spell that? <laughter>

Hancock: I don't know.

Brodsky: We had...

Hancock: You were starting to...

Brodsky: One thing we didn't have was a strategy. We had zero strategy. We were opportunistic, imaginative, innovative, and opportunistic was everything. We run a couple of other businesses at the time, as well. We were the largest background music operator in the United States. We had a supermarket merchandising business. It wasn't totally clear which way the world was going to go. Ralph loved Muzak. He worked with Muzak Corporation in the 1940s as an advertising executive, something right out of "Mad Men," that sort of thing. But growth was our mantra. We'd meet every Friday afternoon and say, "What's the next deal? What's happening next week? How do we grow?"

Hancock: What was your first deal or some of your earlier deals that started...?

Brodsky: Well, there's another legend about our first serious expansion. It happened to be in Mississippi, and we, when we bought from the-- from Pete Musser we got this rundown system in Tupelo with 1200 subscribers. We got unbuilt franchises in two other towns, in West Point and Laurel, Mississippi, and that was it and they were pretty modest. They were towns that were smaller than Tupelo, actually. Laurel was, other than being the headquarters of the Klan in Mississippi-- <laughter> that's a whole other story, in 1964, and '63 and '65 would be down there. We can talk about that a little later. In between all this, somebody approached us, a fellow by the name of Howard Barnett. The chance, they were issuing a franchise in Meridian, Mississippi, second-largest town in Mississippi, maybe population of 50,000, something to put it in perspective, and it was going to be competitive. And we thought we knew who was going to win the election. There was going to be, actually, a vote, a ballot on who should get the cable franchise. The politicians didn't want to make a decision, and they got up and says, "Let the citizens vote." What do they care? In those days, Mississippi was a dry state, so if you wanted a good meal and some gambling tossed in at a casino, let's go out in the woods to the clubs, the illegal clubs which had the best whiskey, the best food, better than any other restaurant around, even better than the country clubs. So Dan and Ralph are-- they're thinking, talking to who they think this guy Barnett told us was going to win the election for the franchise being held that day, the election, and they were going in the morning and make their deal.

So in a place called The Queen of Clubs, the name of the place, The Queen of Clubs. Ralph loved to play craps, never any serious money, and to create attention, Ralph was what we call a "wrong-way player" at the craps table. I don't know if you're familiar with the game, but the initial bet is pass or don't pass, essentially the same amount of odds. One is going to be a successful roll of the dice or turn at the dice or unsuccessful. You can get bet it either way, for or against. Ninety percent of the people are on the pass line. They tend to hate people because they think there's something evil or contrary about being on the don't-pass line, but Ralph loved it there. And we always, throughout our career, we've done a lot of time in casinos, mostly at $5 tables, maybe a $10 table, never any real money. We had a lot of fun and a lot of noise. There are all kinds of sayings they have and banter.

In any event, Ralph gets friendly with anybody. You're within 10 feet of Ralph, you're his friend, and you're telling him your life story and this and that. So, he meets a guy at the crap table. The legend used to say that Ralph won the franchise in a craps game, not true but it's a good legend. So he's talking to this guy next to-- they're talking, right, and the guys says, "Well, what are you doing here? It's not like you're from around here or anything." <laughter> He says, "Well, here tomorrow morning, I'm going to deal with this Joe Blow," whatever this guy's name was, who was one of-- probably won the cable franchise this afternoon, "and we're going to make a deal." This guy was very taciturn that was next to Ralph. His name was Donovan Reddy. I got to know him very well over the years, and Donovan says to Ralph, "Wrong guy." I says, "What are you talking about?" He goes, "He didn't win." He goes, "How do you know? You've haven't been down there." He says, "I'm the CPA who counted the votes." <laughter> We're all, "Really? Who won?" He says, "A guy by the name of Rod Goodling, Rod Goodling." He says, "He has a trucking company. Here, here's his address." So, seven o'clock in the morning, Ralph is at Rod Goodling's office, says, "I want to make a deal. Is what I want for sale?" The famous line the guy says, "Everything I have is for sale, including them," and he points to the family portrait. <laughter> So Ralph cuts a deal with Rod Goodling. I mean, that's the kind of stuff that went on upon which legends are built. It's a good enough legend the way it was, but all around the company, they used to talk about Ralph winning the franchise in the craps game. And that was much bigger than anything we had. So that was the first big thing, and matter of fact, young Pete Musser, having settled his financial affairs, turned out to be an investor in Meridian. You didn't know that, did you? Not long, because of another liquidity thing, he sold out rather early in the game, but he was in there in the beginning.

Fralic: How many acquisitions did Comcast make in your time?

Brodsky: In my life?

Fralic: Yeah.

Brodsky: Hundreds, if you count all the music ones, too. I mean, hundreds. We bought little guys, big guys.

Fralic: Can you talk a little bit about Storer? I think that was one.

Brodsky: Well now, the big breakout, though, was as we were going public, was in Pennsylvania. See, we were Mississippi bound and we're getting ready to go public and a system in Westmoreland County came on to the market. It was a tough, tough thing because they got Pittsburgh signal in there, but believe it or not, there was a big smokestack. I think it's in Chisick or Chiswick along either the Allegheny or the Monongahela River, and it cast a shadow -- blacked out TV signal for a couple towns up the valley. It was a gigantic smokestack and then the signals couldn't propagate around it. But it had five towns built and they had seven unbuilt franchises. It was owned by a group of prominent Pittsburgh businessmen. The leader of the gang was a CPA in Pittsburgh, very prominent families, and they decided it was going to take too much money, too much risk. The FCC was going to have-- and they decided to get out.

It was a tough sell, and we were competing for it with Amos Hostetter and Continental Cablevision in Boston was the other bidder on this one. And this was bigger than all of our Mississippi operations. This would make us a national company, not just be Mississippi bound, be out of there, so we felt we had to do this deal in the worst way. Very tough negotiator, the CPA firm from Pittsburgh, Irving Wechsler, nice, nice company he had, and he set all kinds of rules. He'd been through a thousand transactions, and Ralph and Dan were getting frustrated. There were actually four of us at the beginning. Ralph had an older brother, Joe, who ran all the noncable operations. He worked for Revlon and he worked for Muzak and he was in Westport, Connecticut. He was just what "Mad Men" was all about, but he was so bright and so talented, died very young of pancreatic cancer in his early '50s. But he and I, the four of us, Dan and Ralph got so frustrated with this guy. Forget it. No deal is worth dealing with this guy, and we said, "No, we must get this transaction, so let Joe and me get a shot at it."

And this guy thought he had everything-- condition covered. There was nothing in the negotiations could be brought up that would do him well. Well, at the end of the day, we had him crawling to Ralph crying to "call that Julian off me." I mean, and Joe, we split it up and-- but we kept him and he made a… To show you how life is so funny, part of the negotiation was that this fellow would be on the Comcast board for one year. That was it. He was on the board from 1971 to 2002. And it was very interesting to have him on the board. He owed nothing to anybody, nothing to Ralph. He wasn't obligated, and whenever we got his perspective, we got a true outside shareholder's perspective. That's all he cared about. He was a gigantic shareholder. Now, in the transactions-- this is the ironic or funny part of it-- the cash consideration was somewhere between $2 million and $2,300,000 for the whole system and we're fighting Continental. We're not yet public. We toss in 250,000 shares of Comcast stock, and we tell this guy, who was very sophisticated, "It's worth $10 a share. That's what we're going to go public at." And then in negotiations, you have to put a price on it for the allocation of purchase price for tax purposes and he's going to-- this is a taxable transaction. This is not a tax-free transaction. So we get from $10 to $7 and eventually, for the purposes of the contract, we agree on $4 a share, 250,000 shares, $1 million. I don’t know what it would be worth today, but I think it would be worth somewhere around $400 million, something like that, or the $2 million. It was just a throwaway on a $2 million transaction. The other guy and I were-- and we were about equal in price with Continental and maybe $100,000 different, just had a couple minor things, and nobody paid attention to these 250,000 shares. There were a couple of those shareholders who didn't sell, ever, so a couple of very rich guys in the Pittsburgh area. I think they were rich to begin with, but just to show funny stuff, it was just a throw-in, and that really was one of the first turning points in getting us out of Mississippi.

And then the next thing we built was Harford County, Maryland, Aberdeen, Bel Air, Havre de Grace, and Sharptown, that area, and then-- and there, it's where we invented the limited partnership for-- and managed the limited partnerships for ways to finance cable systems, stole it from the real estate industry. It was a model that they were using that I had run into as a tax accountant. I said, "I don’t see any reason why you can't use that to build cable systems," and that worked out unbelievably well.

Hancock: Can you say more about that there? You had that, I think it was called the "pots and pans" sort of paper in early project financing, and then you moved to your limited partnership. How were...?

Brodsky: Well, the finance company was the "pots and pans."

Hancock: Yeah. Your-- I mean, this idea of how you were...

Brodsky: Well...

Hancock: ...funding your growth.

Brodsky: ...the progression of financial instruments...

Hancock: The progression, yes. That's what I wanted.

Brodsky: ...which goes something like this.

Hancock: Yeah, that's...

Brodsky: We never had the "pots and pans." The industry did.

Hancock: The industry, yeah.

Brodsky: We did our first deals, and then we pioneered the way with respectable banks. The Philadelphia National Bank, the Pittsburgh National Bank, Fidelity, those, type of institutions these were essentially five-year loans and six-year loans at reasonable interest rate not by today's standards. I mean, they were still high-risk loans, but they were better than prime plus five. Maybe they were prime plus one or two, or something like that. The prime was pretty high in those days, and… But it still wasn't good enough or adequate enough or the right kind of financing to build cable systems. I quickly drew to the conclusion you needed long-term, reasonably priced, fixed-rate debt. That's what cable needed, so you could plan. This is a recurring income business that you could do. The banks couldn't go long enough. Then Ralph's brother, right before he died, said he heard of a guy that's thinking about making cable loans. He heard it at a club or someplace, Robert Gibbard at the Home Life Insurance Company.

So Joe gets this introduction. He's just about ready to die pretty soon, and we go in there and we make our pitch. I showed the projections and everything, what we've done so far, this and that, and he throws us out. This is insurance, the Home Life Insurance Company. A couple weeks later, he calls and says, "I finally got around to reading your stuff. It's pretty good. You guys seem to know what you're doing. Come on back in. Let's talk." And we make the first real insurance company loan in the business. And I thought I'd died and gone to heaven, 10 years, interest only for 5. This is what cable was-- how it was meant to be financed, so that was that, and so we gave some warrants…. a very good friend. We did a half a dozen deals with him. He also died young. He went down to Tupelo. He went down to Mississippi, took a trip down there and everything, came back with quail from the Hotel Tupelo...

Hancock: This is Bob who did this?

Brodsky: Then, I guess the next big thing was Flint, Michigan, which was, again, bigger than all of Comcast. We bought the system there. It was owned by a famous liberal. I can't-- Mr. Lamb, Ted Lamb, friend of Castro, friend of everything liberal. I remember doing the due diligence and looking at the books and what they paid and everything. And his operating guy was somebody named Art, an Irish name. I couldn't remember his last-- I can't remember his last name now. But I said to him… I said, "I been looking at your books now for a couple weeks, and you're a pretty tough guy. Mr. Lamb is pretty tight, I mean, for a socialist and liberal, he doesn't pay his workers very much or anything." And he said to me, "Well," he said, "Mr. Lamb is a liberal in the abstract." <laughter> And that was gigantic for us to-- again, it was-- that model was perfect.

Fralic: Which-- from what to what? Like, how-- what was the relative size?

Brodsky: Oh, it had 20,000,or 30,0000,subscribers. They had nine unbuilt franchises centered around, Grand Blanc, Michigan. The only problem was it was a Buick town. Flint, Michigan, was the home of the Buick Open and everything. Fisher Body was there, and it happened to have 25 percent unemployment. Other than that, it was a great market.

Hancock: And the timing, rough timing, like...?

Brodsky: '76, and-- but I got, from the John Hancock Life Insurance Company, a 12-year loan with interest only for 10 years and all the principal due at the end, the 11th, 12th year, and I could not believe it. And that really put some meat on our bones. We had some other little things in between that we had done, and so that was that. The next big thing that happened was really the fulcrum point of the whole business. By the mid-'70s, just about every town and every area in the United States that needed television reception had been built out. And we're still just selling broadcast signals.

And the industry, Comcast, everything had hit a dead end. Because we did some crazy things, like Sarasota, Florida, was put on the market. It was a very small thing. It was owned by a guy with one leg who couldn't climb poles and couldn't bury it. He just laid the cable in the ground. They had 11 miles of cable, which is trivial in Sarasota, a couple hundred customers, and one outrageous price. So I'm traveling, visiting my parents in Florida or something, and I get a call from Dan. And Ralph says, "Hey look, this thing is down there. I don't think it's anything. Everybody in the industry has turned it down. Since you're down there, go look at it. So I go across from Coral Gables over to Sarasota, and I look around. In those days, you didn't build a cable system if it had more than 1, maybe 1 1/2 channels of reception. This place had 2 1/2 channels of reception.

You may ask, "What is a 1/2 channel?" The signals were all coming from Tampa. NBC and CBS broadcast from the south side of Tampa, about 10 or 12 miles closer to Sarasota, maybe 35 miles away. Stuff came booming in just fine. The ABC channel, I think it was in Largo, someplace on the north side, pretty far north of Tampa. And so you had like a 15-, 20-mile difference between that and the ABC station and the NBC and CBS stations. So that came in good only half the time, thus we called that "1/2 channel." Nobody had ever built a cable system with 2 1/2 channels.

Dan and Ralph are both avid, club-level tennis players, so one of the famous tennis resorts is on Longboat Key, the Colony Beach Club. It's part of Sarasota. That's one of the Barrier Reef's islands outside of Sarasota. So, they come down. They're playing tennis. I'm digging through the books, saying, "This is hopeless. This is awful. Let's get the hell out of here." But they're having a good time and then Ralph goes home, and Dan and I are there a couple more days. And then, there's nothing prettier than the ride from Longboat Key in the morning across Sarasota Bay on a causeway into town, and Dan says, "I don't care what anybody says. This town needs a cable system. Go find the money." <laughter>

So we go to Philadelphia National Bank. One of their big clients is the Philadelphia Bulletin, Idependent Publications. There used to be a saying. There was the evening newspaper, on the train stops and everywhere, with the tagline, "In Philadelphia, nearly everybody reads the Bulletin." And it was owned by the McLean family, pretty big deal, and insurance companies, broadcasters, and they wanted to get in the cable business. And the Philadelphia National Bank was our mutual bank where Jack McDowell, the vice chairman, had financed Ralph in the belt business and financed our early cable systems, sets up the marriage and the deal between the Bulletin and us to build Sarasota in Florida. And we throw in some unbuilt Philadelphia franchises, Abington, Cheltenham, part of northeast Philadelphia. They were unbuilt at this time, and they were going to put up all the money. We get 40 percent, and we get a very generous management contract, get paid to run it and everything, right of first refusal if it's ever sold. It's a very sweet deal except that it was for a system with nothing to sell, 2 1/2-channel town.

Then we get the franchise in Venice, a couple other places. It was starting to turn up to be a pretty good thing. Imagine, Venice, Florida. Footnote, in those days, telephone companies were allowed to own cable system. General Telephone was the operator in that west coast of Florida. They would compete with the cable guys for the franchises, so it was a big fight for Venice, Florida, little town south of Sarasota, a really little town then. And we win and then what they did, they stonewalled you on the pole line agreement. The way it worked is you had to negotiate with whoever owned the poles, the power company or the telephone company, and you literally negotiated pole by pole and they stonewalled us on the pole line agreement. They wouldn't let the cable guys on the poles. Several of the cable guys sued under antitrust and, after many years, were successful. Dan Aaron did not believe in litigation. He did not think that anybody's problems-- your problems shouldn't be solved at the whim of some third party, a jury or a judge or what have you, that there's always a business solution to a problem.

So, we're standing in front of our lawyer's office, and there's no sidewalks in Venice. It's all sand, and he's pawing around with his foot and saying-- I said, "What are we going to do? We got this thing, obligation. The Bulletin is going to be our partner." He says, "I tell you, look at this stuff." He's pointing down to the ground. "We're going to bury the damn thing." And a result-- and we had to drive pipes under driveways. I said, "Dan, it costs more to do an underground system. Nobody has ever built a 100-percent underground system, and I don't have that kind of financing I have financing for poles, wires." He says, "Yeah, but we're going to save on the maintenance, no pole rentals." The biggest losses in the Florida systems where hurricanes, where branches were knocking down your wires and replacing them, that sort of thing."

So there was economic logic to it, but a lot of upfront cost and so we had to drive pipes under the driveways but we built the first 100-percent underground system in the United States. It was Dan Aaron standing on a sidewalk thinking of a unique problem to the operating thing. But going back to what are you going do, and Venice is another 20 miles down so, yeah, we can sell reception in Venice. We couldn't sell it in Sarasota.

So Dan comes up with the Sarasota Film Festival. He spent, I don't know, $5,000 or $10,000 and bought, I think it qualifies as 50 of the worst movies ever made in the United States, and we were going to show them. Now, in those days, you-- everything's analog. To show them, you had to set up a projector with a prism, with the quality of the camera was a Videcom. It was about the same quality as a security camera. And the mirror, you attached it-- there's a coupling that you attach to the two of them and you play the movie and then you put it through the headend, and it goes out. And these things are terrible. I used to go down every month to balance out the receivables and everything, and yeah, that's the way we ran the business in those days. And the manager is saying, "This is an embarrassment. Please, tell Dan." Dan won't let him take it off. It's the only thing we got. This is what we're selling. And a couple of months go by and the guy is really upset, the general manager, Chuck Bishop. And I say, "All right, Chuck. Pull the plug. I'll talk to Dan Monday," and this and that, pulls the plug on Sunday. Monday, he gets one phone call thanking him for getting that junk off the air. <laughter> Dan did this stuff, and it was tough. It was a very tough thing. It was a retirement community, and selling retirees to-- for a retiree to take on a fixed financial obligation is a hard sell. They're not interested in that sort of thing, and Sarasota is chock full of retirees.

But eventually, Major McLean, the controlling shareholder, got out of bed one day and had to get off the wrong side of the bed, so he said, "Sell everything but the newspaper." And by this time, and the evening newspapers were going-- about to go out of business. Nobody wanted-- got to need any newspaper anymore in the United States. And by this time, they had a great cable system in Santa Barbara. They had Salem, New Jersey, Levittown, Pennsylvania. They had parts of Philadelphia. I mean, they had the makings of a real cable empire, and they just sold it all. We had our right of first refusal, but we didn't have any money. We didn't have confidence that these guys would really sell it right because this was a small part of their whole package. So they agreed that we should sell that one because we had such a great economic interest in that part of their package. And we sold it to Storer. We go to the closing and this is Peter Storer's father. So Storer was the old-line New York Stock Exchange Company from Ohio politicians and broadcasters, and Ralph was chatting with Mr. Storer, the elder, saying, "Gee, it breaks my heart to sell this. This was our favorite cable system. Maybe somehow, some way we can figure out how to buy it back from you." And this is how long ago this was. Mr. Storer, he says, "Young man," to Ralph, "you see that? That's my name on the door. We don't sell anything." Eventually, we bought it. We bought all of Storer Communications, but that’s another story.

Hancock: So for the next chapter in the...

Brodsky: In 1969, we met a wonderful woman, Virginia Pate Wetter, who was a broadcaster in Harford County, Maryland. She had the radio station in Havre de Grace. She was well respected, eminent in national circles of broadcasters and whatnot. She also had the cable franchise for the municipalities of Havre de Grace, Bel Air, Aberdeen, and a couple little towns and the unincorporated areas of Harford County. Now, this was an area with pretty good television reception, principally from Baltimore, maybe Philadelphia. But we could bring in a Philadelphia independent-- this was a chance to bring something in that they didn't have, not a lot but a little bit. And we had good chemistry, particularly great chemistry between Dan and her husband and Ralph and her and it all was coming together nicely.

And I had been working on this concept for perhaps using limited partnerships to finance the building of cable systems. It's something that I had seen often in my public accounting career as a way of financing real estate. It was very common in the real estate business, and I didn't see any reason why it shouldn't work. And the principal being they had very strange partnership laws. If you had nonrecourse debt, you could spread that debt over the equity, increase the investors' basis in the assets as a basis for distributions of profit and loss. Now, building a cable system, as we discussed before, is you have lots of predictable startup losses, lots of depreciation. So there were sizable tax losses in the early years of the cable system. So, talked it over with our communications law firm, who also knew these folks, I think they made the introduction initially, Dow, Lohnes, and Albertson. They were a prominent firm in the communications bar in Washington, and then I approached their tax department with this idea of the limited partnership, and they had a couple of pretty prominent tax lawyers there. They said, "Great idea. We don't see why not. Let's work on it a little bit."

So not only did they work on it, that firm and its individual partners became limited partners in the thing. They just sort of said, "I guess you believe it's good." And this was a small, private one and called Multiview. And beautiful, I said, "Hey, we're on to something here. We can scale this concept." And we did a whole bunch of them, including public ones. We only got a 1-to-1 deduction, but the biggest one we did was in 1984, again in Maryland, for Baltimore County. We were acquiring a company called Caltech which was a small, public company owning the rights and having a small operation in Baltimore County. Now, Baltimore County is a gigantic horseshoe around the city of Baltimore. It goes literally a full semicircle around it, towns like Churchville, Timonium, Columbia downward, as planned developments are. I forget who did them. There is some really experimental housing in the southern part of Baltimore

County and it was gigantic. I remember at the close, it's called a "Reg D offering," which is in the tax code as a small business private offering and I need qualified investors, this and that.

And the underwriter was Shearson Lehman, and their attorneys from Willkie, Farr, Gallagher, and I remember sitting with the lead attorney on it. And at closing, when there were risks or complications, the Ford Motor Company was an investor and this and that, and it must have been 200 people working on the closing. And John D'Alessandro turns around to the guy Willkie Farr and says, "I guess this is what they meant by a small business offering."

And it was so successful. It was-- we made a lot of money for a lot of people. And the way it worked was, with the nonrecourse debt giving additional basis to the investor, they were getting right offs of 2, 2 1/2 to 1 as compared to their equity every year, and I had them put phased equity in. So they put in one-fifth every year. So they were getting tax benefits, I'd say, at the 50-percent rate, 60 percent, whatever the top marginal tax rate was in those days, I don't remember, but it was enough that they were getting more tax benefits than they were investing.

So, the salesmen only had to learn one line when he called all these doctors and dentists who invested in limited partnership, "Hey listen, Doc. You're never in this deal." <laughter> And so after four years, we rolled it up, so these guys had gotten all these deductions, and I drew them a check for like much more than their investment even in the fifth year. So, it was one of the great things. It got us a quite a reputation when we did this. Now, that was-- was it '84? It might have been before that, maybe. In any event, we did. We went public in 1972, June 30th, just escaping the onset-- you all, probably all do remember that the worst recession I ever remember was not this last thing. It was a joke in 2007. It was 1972 to 1975. There were 8000 hotel rooms in Orlando, and they're padlocked. That's out at Disney World. Orlando looked like a bombed-out city with unfinished condominiums. No, it was there's such a method to that. Our stock went from $7 that we offered it in June of '72 to either $0.74, $0.75 a share. We had a decision to make every day after work, if you want a beer or a share of stock, same thing. <laughter> I drank a lot of beer because it was psychological. You had a bunker mentality. We had $2 cash per share. We had earnings, no financial problems.

The stock sold of $0.75 a share and, yeah, so that was bad although we did very well during that period. It was called "the dark ages of cable" because nobody could get financing. We got all the financing because we had such credibility. Our numbers always came out. They, the financial community believed them. We didn't spin any fancy tales, and we made some interesting acquisitions during the period in there. But we-- they're all dead. We didn't issue any equity except maybe an acquisition a little bit here and there from 1972 until 1980 when Shearson Lehman walked in the door and said, "We've been reading about you guys. Why don't you try the markets?" And I said, "Well, I'm loathe to give away equity," and I said, "We're in a growth spurt. I think we got a lot of runway to go." And so, we specialized in convertible debt where the basic model was this. You got a 25 percent premium on your shares, the equity portion and valuation of the convert before you go to debt portion. And I always put in the call provisions, soft or otherwise. So, our average outstanding was less than 3 years, less than 2 years for the most part, somewhere around 18 months, and people would make 30 percent. The stock was going up at 30 percent a year, which was-- and then it said-- the soft call provision said that if the stock was trading at

130 percent of the strike price, the call price, the conversion price, we could call the issue and the call, of course, forced conversion and so everybody was happy. They got the shares. They didn't have the option value,but at that point, it was kind of moot because they made so much money on it.

And so, we were specialists in that. And those, of course, were junk bonds. We were a serial issuer of junk, and it helped build the company. The only thing unique about it is that we were not a customer of Drexel or Mike Milken, not for any reason. I thought they were great. Leon Black was one of my good friends. He was head of M&A at Drexel Burnham. We met all the time. They were financing MCI, Turner, John Malone at TCI, everybody, and it just so happens that DLJ, Morgan, and Merrill took care of all my junk bond needs. I didn't see any reason to change, and I'd meet with Leon every few months and he'd give me the pitch. The company Drexel. I never had met Mike Milken, although he started in Philadelphia with Drexel and Wharton School.

Then, I got a call from him inviting me to his conference, sometimes known as "The Predators' Ball." <laughter> He financed all the takeover guys. Connie Bruck, was-- the title for her book was called, "The Predators' Ball," and I politely said, "I'm working seven days a week, and I’ve got my own issues to worry about." And then the next year or year after, because I'm issuing junk bonds all the time, and my name, eventually, on the internet was "Junker." But of course, we were a class act, so we spelled it J-U-N-Q-U-E-R or better known as cream of the crap. <laughter> So yeah, junk bonds made this company, all the ones we issued over the years.

So, he calls the guy next year, Mike Milken. Not only does he invite us to The Predators' Ball, he says, "I'm going to give you something I've never given anyone in the world. You could be the only non-Drexel customer to present at the conference where all the bond buyers, all the junk bond buyers in the United States in that room. And I said, "Gee, I appreciate that. I understand what you offering me. But no, I can't. I'm happy with the guys I'm dealing with. Much as I love it.

So I finally met him after we buy Storer. Drexel had financed KKR in the fight with us for Storer, and we'll get to that eventually. So, we bought it. They had to get bondholder consent, and it was kind of a joke because they hired Drexel and Milken to get the bondholders to consent which all of whom were their customers. They literally almost had the vote on it, so we had to do a roadshow. We'd call on the bondholders to get the bondholders consent to that transaction, and the last stop was in the Los Angeles office of Drexel where Milken had his headquarters. So, we're coming into the garage underneath it and Milken is coming the other way and I meet him for the first time. And we're in the garage just talking, and he recites the history of every bond Comcast had ever issued, its trading history, just talking, and who owned them now. And I said, wow.

Yeah, I think he got a rough deal in the way he was treated. Now, they did wrong things, but the punishment, if you read the first third or the first half of "The Predators' Ball" where he turned an investment theory into junk bonds. The fallen angel theory of investing is where you bought bankrupt or near-bankrupt railroad bonds, and you were going to get a better return as compared to a risk-free investment. So he turned that into a theory of capital formation, and you would think, if you stopped the book right there and the deals he did initially, you want to give him the Nobel Prize for Economics. It was just that good and that brilliant and that well executed. But then it went all crazy when it got to the Boeskys, and this and that and the other stuff further down. And maybe there were wrongdoing there, but certainly not equivalent to the punishment that he got for it.

But he deserved better treatment. But it was the times when they were just looking for scapegoats for stuff and he was a victim of that. But I'm not proud that we never did business with him, and I'm not proud. It's just the way it was. I had my three guys in DLJ, Merrill, and Morgan. They certainly got the deals done because, yeah, because the bonds ended up in Drexel's customers accounts, but that's it.

And then in that period, other exotic things happened. We discovered eurobonds. There was an enormous appetite that nobody knew about for our type of bonds in Europe. Between Shearson, Lehman, and Goldman Sachs, we developed, and this is before the Big Bang in the UK where they separated investment banking from brokerage. We had two fabulous UK relationships. It was so important to the company. The clearinghouse, there were only five of them in the UK, and these were the underwriters. They created, they manufactured the deals. They underwrote them, and Morgan Grenfell, a great bond house, was our-- I mean, we did a lot of deals with them. But even more important, distribution was controlled by brokerage firms, and the blueblood of them all was Casenove in Tokenhouse Yard, right across from the Bank of England. The Queen was a client. The British Airways Pension fund, the coal miners, whatever it is. It showed how powerful they are. We were doing a roadshow once and Morgan Stanley is the underwriter and we're having lunch at Casenove's in their board room. They have 10 clients in there. I mean, unbelievable clients, just like the ones I had mentioned before. And of course, he says, "Oh, there's really no need for the gentleman from Morgan Stanley to attend." They're the underwriter and that was-- and somehow they got to our stock in the 1970s and they turned out to be very good friends and very great advisors. We eventually got involved in cable in the UK and stuff like that, and they were enormously helpful.

One of the guys at Morgan Grenfell, fellow by the name of Keith Harris, wrote his Ph.D. thesis on how to break the gray market in Eurobonds. The way it worked is you sent out a telex announcing you were going to do a deal and you started your roadshow and then there would be guys trading and eating your lunch. By the time you got to London, you were chopped liver.

It was a big fight, and you had to-- I don't know the details of the dynamics I did, but it involved Casenove doing something in the UK with orders, Morgan Grenfell doing something in Switzerland and the whatnot. So we're in the hotel in Switzerland, and we're going to put this into effect. We're going to try this. No one has ever tried this guy's theory of it. So we're working like dogs in Switzerland and it's happening. Casenove, did their part, as always their word is their bond. Their stuff was done two days ahead of time. And then the Morgan Grenfell guy -- I never saw somebody perspire so much as they did, because they were really in the economic risk of it as the underwriter. But they got it done.

And we're leaving Switzerland, and we call the lawyers in London, Allen and Overy, and the Morgan Grenfell people. "Meet us at the George Hotel in Edinburgh and bring all the papers." And we have the closing at night between leaving Zurich and Geneva and before we get to Edinburgh, and in the morning, they bought the bonds. We closed.

We were talking to bondholders instead of buyers and the same thing in London. So we broke the entire gray market with this kid's PhD thesis. And it was wonderful. I have a photograph. It was three o'clock in the morning. The Shearson Lehman guy, the guy who wrote the thesis, the one from Grenfell. We were exhausted, excited and drained . I didn't know who to call. We had done it.

Yeah, and Ralph is watching us in the bar. Ralph came along on this one, and then I'm drinking single malt. So Ralph says, "Stop that." He says how can you drink and work I said, "Ralph, I had our lawyers initial which pages to sign before we left the U.S. I know. Don't worry about it." But that was a great thing.

Then there were other tax-oriented things like safe harbor leases passed by the Congress in '80 or '81 and this was designed to help growing companies transfer the tax benefits to taxpayers in return for whatever. And we did one of the first successful ones with General Electric Capital where we literally got almost $0.25 on the dollar for the tax benefit.

Fralic: Were you selling your tax losses to someone else?

Brodsky: To GE Capital...

Hancock: To GE Capital?

Brodsky: ...and, in effect, to GE. So it was so successful that the GE guy invited me to the manager meeting they were having, I don't know, at Hilton Head or someplace like that. And we were playing tennis in the afternoon and it was Gary Wendt, I think his name was, the head of GE Capital. And I drive a tennis ball right into his throat. <laughter> Well, I played the game 10 years before I realized it wasn't a contact sport. I thought you're supposed to hit people with the ball.

Dan and Ralph bought me my first tennis lesson in '69 or '70, somewhere around there. And we used to meet at Ralph's house on Sundays and Ralph had a tennis court there, so we'd do our business. Dan and Ralph were both club-level players, good club-level players, not club champion, but good club-level players, and I'm a beginner. And they gave me this 10-year-old kid to be my tennis partner. His name was Brian or something. And Brian was a marvelous athlete, but he was 10 years old. He could have-- he was an All-American squash player eventually and captain of Penn squash team. He could have been an All-American tennis player just as easily. He was that good an athlete. So, every year, Brian would get a little bigger, and I'd get a little better because in three years, we owned those guys. And Ralph was reduced to questionable line calls and feeding me beer, <laughter> but it was fun.

In any event, the safe harbor leases, we did seven of them. I did them with banks. I did it with everything, with investors. And eventually, the government didn't know how to handle it, because it had succeeded as they planned which, I guess, was a rare occasion. And they found out that Ford Motor Company and IBM weren't paying as much taxes because they were buying these tax benefits. So they curtailed it and, oh yeah, and adult bookstores and porn film places were using them, So we severely reduced it and <inaudible 02:01:06> cable and they said the thing is they couldn't do it. But I had gotten seven done before. We did it. We were very successful in doing these safe harbor leases, And going back to limited partnerships, we did one public one. I don't know if I mentioned that before, very successful, enormously successful. We got a one-for-one, but we-- at the very end, I stuffed in-- it was a blind pool, which was unusual by itself. There were no cable systems that we knew of that we could identify at the time we made the public offering. And we just put them in there, and we did that and at the very end, I stuffed another one in there, which gave enormous returns to the investors when we rolled it up.

And then during the great franchising wars of 1978-82, the city of Philadelphia came up for the fourth time for its franchise hearings to issue a cable franchise started in the '60s. And everybody's coming in with these absurd proposals, going to plant 20,000 trees for the city. They want to cure cancer, okay, whatever, with everything out of the cable franchise. So we came up with a unique and local-- this was a big thing. We came up with a unique piece of paper for our applicant, which we were going to offer 20 percent of the company to women and minorities who either lived or worked in the city of Philadelphia, and the treasurer and I went around the churches, shopping centers, just trying to explain. I don't know. The piece of paper was so constructed that if we didn't get the franchise, you got your money back plus 6 percent interest secured by AAA security bond. If this happened-- I mean, it was so-- we made it so attractive that it was it. So we filed this with the SEC and they're looking at this piece of paper and they say, "Are you sure this is a common stock?" And then we're, "Yeah, we are." They finally came to the conclusion, "I guess it is a common stock. It just has all these features." And it was-- and we got a tremendous of potential investors book.

So, the night before we're going to close and-- close, like go with the public offering, I feel funny about it. I said, "Let me see the tickets." I was looking at the ticket. I'm looking at it, Bryn Mawr, Ardmore, Wayne, Devon. I said, "Where are the people, all the hundreds of people we pitched to?" "Well, these are our"-- and do you know Bern Gallagher who was my treasurer at the time? Very explosive Irishman. He got ahold of that box, and he threw it against the wall. He says, "We're not doing the deal." I said, "You guys have until ten o'clock tomorrow morning to get me a new box with the people we sold it to." And we did, so among the things we got was-- I forgot her name. I want to say Mother Teresa, but that wasn't her name. She was a nun who was a CEO and president of Holy Family College, a great university here in town, and she was good. So, she came on the board and was a great, great help in the community and other local communities, but remember, it was at the 20 percent, the people.

Hancock: So Sister Francesca?

Brodsky: Sister Francesca. Yeah, that's who it was. Yeah, you read the stuff. She was fabulous, and so we slowly bought back the stock. We sold it for $5 or $6 a share or whatever it was, that wonderful piece of paper that you couldn't lose on, and eventually we bought it. We had well over 90 percent, so it was-- there was like 8 or 9 percent outstanding and under securities law, that's a squeeze-out merger situation. You don't have to go through all the procedures. You give them rights. You can just-- we decided not to do it that way. We decided to do it as though they had a lot, so we decided, well, we'll make Sister Francesca chair of the independent committee. Who's going to sue the nun? <laughter> And she was fabulous. So we gave her her own law firm. We gave her her own investment bankers and advisors. We did it textbook-wise. We didn't have to do it that way, and so we go through the whole process, comes the final board meeting. She comes in with seven or eight pages of hand-written notes and her committee had met and met her advisors and, as usual, Ralph and the company is being very fair. This is a very generous offer. It was something like $90-some a share 4 years after the-- 5. It was-- and she said that we were inclined to-- I said-- I say, "Let's have a break." I call her lawyer over, who we knew was a drinker lawyer. I said, "Howard, go talk to your client. We got to go through the ritual dance." I think I offered $2 or $3 for this-- she had to do something. I know it's a big offer, but yeah, we didn't want to embarrass him by coming in with a low number because it's a big number but it's only a small number of shares. What do we care? So let's tell them there's a little more juice in the lemon." <laughter> But she was wonderful. She really was terrific. So that was kind of unique in capital formation, capital structure, and we did variations of every type of security you ever can think of.

Hancock: In the '80s-- we're going by theme now rather than time. Let's look at acquisitions and investors.

Brodsky: Well...

Hancock: You document doubling the size and then...

Brodsky: ...yeah, we were active in the '80s, mainly. The early part of the '80s was mainly building out the franchise when we won during the franchising wars of '78 to '82. We won enough in Michigan, New Jersey, Pennsylvania, Kentucky, and we were opening every few months another cable system. So we started the decade of the '80s with 250,000 subscribers. By 1985, we had 500,000 subscribers. So that was all, let's call it "organic" growth, no real acquisition. We were too busy building and integrating and operating.

It was very tough to open a cable system if you have no staff. Nobody in town had worked in a cable system, so you had to send some-- a cadre from another one. We weren't that big and did not have that many cadres, so it was a lot of work to successfully open that many cable systems in that short a period of time, but we did. The '80s were wild.

Let me just give you one story of the '80s that I think tells a lot about Ralph and a lot about the company. The leveraged buyout was really unknown until John Kluge used junk bonds to do a leveraged buyout of Metromedia, and I was kind of shocked. I couldn't understand so much debt and I had a lot of debt but nothing like how this was done. And the commercial banks were in it, and Drexel masterminded the-- and Mike Milken masterminded the whole thing. So I studied it, called some of the guys at Metromedia, and I spent time with the folks, particularly at Chase Manhattan Bank, some-- and Chemical Bank were the leaders in the buyout. And I studied it.

And then it became very clear to me what they were-- how it worked and what it was doing, and I did a couple calculations on the back of a napkin, a piece of paper, and I got together with Ralph and said, "Look Ralph, there is a new phenomenon upon the land. This junk bond think and LBO thing is-- I don't know if we'll ever see it again, but we can take the company private, take on an enormous amount of debt at a manageable level so reduce the size of the company 25 percent to one-third, sell off some stuff to rationalize the balance sheet, and take on this amount of debt. And I think the net result would be, I think this is-- make you 10 times richer than any other scenario I can think of, doing what we're doing. And here's how it would work. And it was clear. I probably underestimated the 10, but it was-- it could be done. That's what was happening with these LBOs. And very few had been done, but Kluge and a couple of others were starting to be done. But we could have been right in there.

So, two days later, Ralph comes back to me. He says, "Thank you. It's been very thought out. What a great idea, but I don't think so." He says, "I want you to do just what you're doing. We're growing at a fine rate, and I want you to build a big, strong, viable company that I can turn over to Brian."

Weber: Wow.

Brodsky: Now, that's Ralph. He thought it through. He understood it all. I guess it was not done out of caution or anything-- well, I guess a certain amount of caution, this is what he wanted to do. And he thought enough that we could do enough, maybe a longer time term, this and that, but that's big-time strategic thinking, really, knowing what your priorities are and what is possible. And look at it.

Hancock: <Inaudible 02:11:29>.

Brodsky: Sure, we could have done it. Maybe it would have been different if we were private. Who knows? There certainly wouldn't have been any Comcast as we know it, for sure it would have been the end of that. We probably-- well, like some of these guys go private, and they public again and go private again. Everyone will keep selling the same asset over and over again, but-- so that was right in the middle of all this acquisition stuff. There wouldn't have been any acquisitions for a while. That's for sure. Had you done that, you're just-- you're just going to make, reduce the debt and create enormous value for yourself.

So then, in the whole junk bond, the whole LBO thing, the whole activist environment, a group by the name of Conniston Associates, [ph?] activist shareholders, take a position in Storer Communications. And Storer, as I mentioned before, we had run into them in the sale of Sarasota 12, 13 years before this. It was, what, that was '70, yeah, to '75. Yeah, around there, '71, about that period of time. And they had raised a proxy battle with them. They didn't win, but Storer was just so naively 1950ish, they didn't have the defenses and mechanisms that most corporations have in place to deal with such situations.

And so Conniston [ph?] gets a couple of board seats, maybe 20, 30 percent of the board, 40 percent of the board and threatening to do more. And the Storer people are getting very nervous and KKR shows up on the scene, known as the white knight in these situations, save you from these predators, with an offer to take over the company in a leveraged buyout and take care of Conniston [ph?]. So our advisors, one of our advisors comes in. It was Shearson people who said, "This company is in play, and KKR has it at a pretty attractive price." Now, the Storer people have what we call a fiduciary responsibility. They have a no-shop clause, but they are obligated to entertain superior offers that come in over the transom unsolicited.

So, Ralph calls Peter Storer, the son now of the Storer we spoke to in Miami, and says, "I understand you have a fiduciary obligation to entertain superior offers. We're interested. Can we talk to you about it?" He says, "Look, I have a no-shop thing. I cannot encourage you to come. I can't solicit anything, but if you submit something, we have to listen to it." That's all we needed, so-- and by the way, at this point we're like the 16th-largest cable operator. We're nothing, nothing, nothing, nothing. There’re 15 guys ahead of us in financial-- and we're pretty heavily leveraged. So, we put together a team and we're studying this and we're tramping around in the bushes and everybody can hear you when you start tramping around in the bushes. So, they know we're coming. This is in July. My daughter is just finishing college at Haverford. She's going to the Peace Corps, the Congo. Merrill Lynch advised me-- before that, July 4th weekend, we pitch the banks, week before, like Thursday or Friday before July 4th and Shearson is there, Shearson Lehman, and what they're going to do to guarantee our proposal. And everybody, by the way we need your commitments next week, even though it's July 4th weekend.

All the banks are out looking for their chairmans or their credit committees or whatnot. Nobody's around, and they're all working like dogs. We come in for a final meeting with Shearson Lehman, and they reneged. They changed the deal totally and made it undoable, so our advisor, law firm of Sherman and Sterling, headed by Steve Volk, a leading M&A lawyer, and Ralph, Steve, and I are on a sidewalk on Wall Street in a state of shock after having been turned down. We were the victim, we think, of some political battle within the firm, between Shearson and Lehman. That's just about the time when Pete Peterson and Steve Schwarzman were breaking away from the firm and there had to be some turmoil in there, and I think they were thinking twice about the commitment they had made to us and we're not willing to go through with it.

So we're standing on the street corner wondering what to do. I didn't care about the deal. It's just another deal. I cared about my lifeblood with those bankers scrambling all over the countryside trying to find their chairmen and whatnot to get commitment to the deal. Disappointing them would have been a enormous setback to Comcast because we did all of our work with the banks first, and then we got the insurance companies and the fancy financial instruments and this and that and the other thing. But it was the banks that made everything happen in our world, so that, I was beside myself. Steve saaid, "The guys over at Merrill have been very upset about Drexel and KKR. This might be of interest to them." This is Friday afternoon or Thursday right before July 4th, Steve calls over and he gets Ken Miller, vice chair of Merrill Lynch. And says to him, "So my clients want to talk to you about something."

So we go over, just walk a few blocks, and we go over to Merrill and we pitch Ken and we tell him the whole story of Shearson Lehman, the banks, what we have in place, how much money we're willing to put up that we could raise, $200 million of equity, which was enormous for us at that time. And here's what you have to do. You are to guarantee the sale of the TV stations and provide the junk bonds for the deal. It was $1,300,000 or something and half for the TV stations and $1 million for the bank, separate loans and big money in those days.

He says, "I think there's something here. Let me think about this, so Tuesday he calls us, and they made the most incredible commitment to us. It was the first time ever that an investment bank committed its own balance sheet to a deal, never been done, and they guaranteed the TV stations and the thing and the-- it was an incentive thing. They guaranteed, I think, $900 million or $1 billion on the TV station and they got 20 percent on anything over $1,200,000 and other things, but it was all livable, totally livable. And he framed that letter. He said, "This is the letter that changed Wall Street."

So we come back, and we call the banks to come in. The banks come into another bank meeting. They got their commitments and <inaudible 02:19:54> to our friend from Merrill. The guy says, "Merrill? What happened to Shearson Lehman?" "Well, Merrill made them a superior offer," so I guess it was. And so, the fight started in early July, and in the middle of July, my daughter is flying to the Peace Corps, flying off to the Congo. Merrill gets me a helicopter to come down to Philadelphia, kiss her goodbye, and then go back up to the deal. I worked 37 straight days staying at the Park Lane Hotel on this deal, got a call in the middle of it from KKR. I won't mention names for this particular thing, but they had just bought, Womatco a cable operator, and literally offered us that deal at a very reasonable price to go away.

We hadn't come out yet, and the last line was to me, "Let your actions be guided by how you feel about Comcast." And I said, "Mr. So-and-So, we always welcome new shareholders." So they wouldn't talk to us for years.

Let me finish the story, though. There was a kiss-and-make-up story on this one. So, it goes on and on and then we come out in the middle of July with a bid much higher. Theirs was $69 a share. We were at $75 or something and this goes on and on and on and, finally, at $92 a share, we run out of money, the $200 million, and Merrill runs out of courage. Ralph and I were convinced it was worth as much as $150 a share. They weren't even near the value in our hands, not necessarily in their hands.

We presented to the Storer board that morning or afternoon, and then Ralph and I, our advisors all left town. We got the bad news, and Ralph and I decided , "We'll stay over tonight, have dinner. We'll go home in the morning." And Peter Storer comes over to the hotel to tell us we lost and why we lost. He says, "You lost for two reasons One, KKR has promised to keep the company together and your plan involved selling the TV stations and this and that and we just thought it was in the benefit of everybody. And your financial offers were essentially the same. You were $0.50 more than they were," but we knew we were playing with $0.90 dollars because they were the incumbent and we were the outsider coming in.

So, it wasn't the economics. They were essentially the same from both bidders. "And the second thing is, while you offered the management continuity positions, very nice thing, they had pretty much the same kind of offer to management that you did if they want to continue, but we liked theirs more because they need us and you don't. You're a cable operator. It's a cable system. What the hell do you need us for? You're probably a better cable operator than we are. And so that was the second reason we turned you down."

Within 30 days after the closing, the KKR took it over, they hired Steve Rattner at Morgan Stanley to-- maybe he was at Lazard by that time-- to sell the cable-- sell the TV stations. Within three months, they got rid of the management., We thought about all this and Dan Aaron and Ralph, with no pressure intended and because we had issues also with my conservatism in accounting and finance. Other people were much more aggressive, and they ask, "Are our Boy Scout ways harming the company? Are we playing at a disadvantage because we're on some high-morality plane, maybe or may not be the right or necessary way to do things?" The only thing they said, "Don't take this as any kind of pressure. We just want to have the intellectual discussion about how do we approach deals from now on, for instance, and your accounting and your finance and everything else."

I said, "Well, I don't know." I said, "I assume you're right. I will say you are absolutely right for the short haul. For the long haul, I think this is the way to go, that we'll manage. Time will sort itself out. Those taking these shortcuts and those who operate this way will be cast aside in due course, and we'll be here. We'll be the last person-- last company standing." And so fine, we continued. I mean, it was just, you got to understand how great these guys were as partners and as minds and as intellects and as operators. I mean, we were a strange group of people. Dan Aaron, you heard the classic story, was so conservative and I was so aggressive. Normally-- it's role reversal.

Normally, it's the chief financial officer's job to be Dr. No and frustrate the operating guys who have all this imagination and have all this drive to do the adventuresome things. Dan Aaron, in his retirement-- he was a master of the metaphor, Dan Aaron. In his retirement speech, he did a story that's become a company classic since then and even cartoons illustrating it. He said, "I like to think of the management of Comcast as three guys trying to drive a car. There's this maniac, Julian, with his foot on the pedal going a million miles an hour. There's me, Dan, terrified, pumping the brakes as hard as I can to contain this maniac, and there's old Ralph with his hands steady on the wheel, staying the course." And then we have cartoons, three guys in a car and all that stuff. I mean, it was just-- and so realistic. Dan and I were very close friends. Our families were socially friendly, vacationed together. We disagreed on almost everything in the daily running of the business, up, down, right, left, black, white. And Ralph insisted on important matters there be consensus because Ralph would say, "I don't care if we sit here two days. When you guys finish your screaming at each other"-- I would scream. Dan would reason. <laughter> And the-- and that's how it was, and then what was good about it was there really was no second-guessing. We knew we had to somehow compromise and agree with each other here and there, now and then, and it just worked unbelievably well with those two guys, commonly known to the company as "the boys." So, we lost the Storer acquisition.

Hancock: <Inaudible 02:27:41>.

Brodsky: But again, we-- this was perhaps the sweet smell of failure. Within weeks, the Group W Systems came on the market. Westinghouse somehow managed to be one of the few companies in the world that lost money, cash on cash, in the cable business. <laughter> That's hard work to do that, but they managed to do that.

Hancock: They were good at it.

Brodsky: And so they decided to get out and they also decided they needed a single buyer and a closing within six or seven months. Because they wanted to match-- they would have a bookkeeping gain because they wrote off the losses as they incurred them over the years. So even though they were getting less cash probably for the system they put in, there would have been a bookkeeping gain of $600 million or $700 million. And they had a loss they wanted to match it up against, and that's it.

So, I'm in Washington riding around in a cab with the head of corporate development of TCI, the number-one cable operator company, and he says, "What do you think about these Group W Systems coming on the market?" I said, "It's going to be a big deal. We're a little tired after our Storer exercises." This is weeks afterward. He says, "We'd like to partner with you on them." I said, "Stuart"-- he was a close friend of mine. He was my calling officer when he was at Chase Bank, and we were pretty close, personal friends. I said, "Stuart, you're number one. We're number 16 and battered and bruised." I says, "Why would you want to partner with us?" He says, "After what you rabid dogs did on the Storer deal, you're the last people we want to see coming down the alley the other way on the next deal."

I said, "Well gee, that's fabulous. We'd love to do it. Let me talk to Ralph tomorrow when I get back, and let's see what can be done." This is John Malone's company, TCI. So, I come back. I'm all excited. "Hey Ralph, I can't believe what happened yesterday. Stewart and John Malone want to be partners with us in going after Group W." He said, "Isn't that funny?" He says, "Yesterday, I got a call from Nick Nicholas at Time, Inc., who-- they're number-two cable operator in the country. They want to partner with us in going after Group W." I said, "Ralph, leave it to me. It'll be the three of us." And we put together a three-way consortium and went after Group W which, in the long haul, turned out to be one of the best and most successful and most economically efficient transactions ever done in the cable business. It was fabulous, and that doubled the size of our company. We got 500,000 subs out of that, and we had 500,000 subs going into that. So that was great.

Another year or two goes by and we know Storer and KKR are bleeding. They totally mis-financed and totally didn't know how to run Storer when they got it, and they're selling off pieces here and there. They would not let us bid on any of the pieces they were selling because they still hated us for taking the price from $69 to $92 for their purchase of Storer. By Felix Rohatyn who was our advisor at Lazard -- He says, "It's crazy. You two guys should be talking together. What is this?" So he arranges a kiss-and-make-up little cocktail thing in the KKR offices after work one day and Ralph, Brian, and I go over there and Henry Kravis and Paul Raether and all those other people are there and we're talking. And one of the KKR guys, the one who called me, says, "Julian," he says, "you must have thought I was nuts on that phone call. Obviously, I did not know about your “B” super voting shares when I made that comment."

So it was fine and then the Storer systems come on the market. They had to get out. They can't make payroll they cannot hold them any longer, KKR. So we put together the same good team that got Group W, and we're working on this and all of a sudden the Time guys want to bring in the Warner guys. I don't like that. Right? I'm like, "Yeah, the Warner guys do it a differently style than we do." They, Steve Ross and his guys were tough guys. I mean, they had been through a lot and some controversial stuff, so that story is Time drops out. So it's just TCI and us going after Storer, the one we lost in '85. This is '87, '88, and the deal is not going well. For some reason, Henry Kravis and John Malone just did not hit it off, and Malone is getting frustrated.

And there's no controlling what Malone says or does. I mean, it's just he's so brilliant and so libertarian. He just does things, so-- and it's a pretty public thing because everybody is very visible in this deal. So Malone is quoted in the New York Times as saying, talking about the Storer deal, "The problem with Henry is he has the last piece of property, real estate in Florida. What he doesn’t realize is that's it's a toxic waste site." Well, that set off the explosions at KKR, and KKR is being represented at this point by Steve Rattner again, who is our principal investment banker. KKR was a very large client, at this point everything is called off. Steve says to me, "You got to let this rest a few months. It'll get better in time because we know they have to sell, and we are the logical buyers." We had kind of gotten close on price. It was just a couple other things. It was nearly done but this sent it off track.

So three or four months later, I'm leading a panel of something in New York or other and I see Steve in the audience and he comes up and he says, "Today. Later this afternoon, I'm taking you over to KKR. I think a deal could be done." "They're running out of money, are they?" So I call Malone, and I say, "I spoke to Rattner today. He thinks they're ready. Are you still interested in doing the deal?" He says, "Yeah." He says, "but I'm not going to talk to those people. They said some very bad things about me." I said, "Yeah John, they did." He says, "You go do it." He says, "If the price is anything near the same, yeah, you and I have been"-- we did more partnerships with each other than anybody else at that point and we were very close. "I'll keep you posted," but he says, "But I'm not going to talk to them." He says, "and I'm not going to have my people talk to them. But you go do it. We'll sign it. Go do the deal."

So Rattner and I go over to KKR that afternoon and we were talking and they said, "Well, we certainly think things have calmed down a little bit." And they said, "Are you still partners with Malone on the"-- I said, "Yeah, sure. We have a “forsake-all-others agreement.” No one-- we cannot do this deal without each other. That's the"-- I kind of invented the forsake-all-others thing. It's a one-page agreement but it's so strong and we used it couple times over the years when somebody tried to forsake us. And they said, "All right. Look, here's what it's got to be. We'll do the deal. We'll deal with you, but we're not talking to Malone and his people." "How can you do this to my partner?" this and that. Perfect.

So, it took a day to do the deal. It was a gigantic deal. Then, we got 1 million subs out of that one, so that again doubled the size of the company for the third time in the 1980’s. The first time we doubled it through the construction then Group W. Then Storer and that took us to 1990. Then a whole series of what would be gigantic for other people. We did Jones Cable, Maclean-Hunter, Scripps. These were all multibillion-dollar deals but one after the other, boom, boom, which then took us to the end of the century, and we're up to about 7 million subs at that point.

And at which point, by now Brian is the CEO of the company, and he is more structured, I guess, than Ralph, Dan, and I were and he started to think strategically instead of-- Ralph and I never saw a cable system we didn't like, so buy this one, that one, that sort of thing. And he's sort of thinking. He says, "We have three issues that we have to address at this stage of the game. One is an issue of scale. One is the issue of an imbalance between content and distribution, and three was we don't have an international presence to speak of."

In 2001, AT&T was the largest cable operator in the United States with about 14 million subscribers. They tried to create additional value through financial engineering which involved breaking the company up into parts, one of which would have been a tracking stock for their cable operations. As part of that, it required a shareholder vote to create the tracking stock. Brian and our advisors thought this presented a unique opportunity. It was unusual in that we would have to try to acquire an asset of the target rather than the target itself.

Trying to pry an asset loose from a company that was not for sale was unheard of. For example, if I come into your office and I really like your desk and I say, "Gee, I want to buy your desk." And you say, "Well, I'm fond of it. It's not for sale." Say, "Well, I'll tell you what. I'm going to go hostile on your desk and that's what an asset is, and there's no mechanism to buy an asset from a company that's not willing to sell it. So we studied all the options and came up with a plan Brian likes consensus so he takes a poll. Everybody gets a piece of paper, and you write on it, "What are our chances, in terms of percentage, of successfully completing this?" he opened up all the pieces of paper. There was not a number on there higher than 25 percent, not encouraging.

But the rewards were potentially so great it was worth the risk and the obstacles to take the chance so We put together an offer for the cable division. Because of the necessity of a shareholder vote on the tracking stock, which were the same set of assets., That vote, in effect, became a referendum by the shareholders on our offer. Now, our offer was deemed to be so superior to the tracking stock by the guidance agencies, ISI and whatnot, by several very large shareholders of AT&T, and that sort of thing.

So, the net result of it all was that AT&T had to cancel the vote and, in effect, entertained offers for the asset., All we really wanted was for that asset, that desk, if you will, to be in play. And as fate would have it, we were the logical and subsequent winner in that contest, and we were able to buy those subscribers and then became the largest cable operator in the United States.

With respect to the need for content, it's always been viewed that Comcast had a strategic flaw because of the imbalance between our distribution assets and our content assets. Many of the cable operators, such as John Malone and Liberty, Newhouse, Cox, obviously Time Warner, had many more and more substantial content assets than Comcast had.

For years, every time we had a strategic discussion, it would come down to, we must acquire NBC, NBCUniversal. For years, Brian worked on establishing a relationship with Jeff Immelt and the GE management that owned NBCUniversal., The tipping point came with the financial crisis in 2007, which put the advertising market in the doldrums. And even more importantly, GE, through GE Capital, was up to its whatnots in subprime mortgages., That condition threatened to take down the entire General Electric Corporation. So, we showed up, having had a fine relationship, with a $30 billion negotiated deal for NBCUniversal without competitive bidding. Quite the coup! But it solved everybody's problems. GE was not all that happy over the years owning NBC. It really wasn't their type of asset, and there was often talk of their getting out of the business. So, it was a brilliantly negotiated deal between Brian and our CFO at the time, Michael Angelakis, to accomplish and get that done, brilliant. Lots of aspects of the deal were very favorable to Comcast, and it turned out very nicely.

The next thing that happened is we got into a fight with Disney over acquiring the Fox empire’s assets. Rupert Murdoch decided he was going to cut back his exposure in a lot of areas, and it turned out to be a real drag-'em-out fight. Disney won the bulk of it, but we got Sky, a UK media and content distribution company for $40 billion. Sky had just the type of assets, operations, content, technology, that fit so closely with Comcast's operations and aspirations, And it gave us a basis for sustained international expansion. They were the largest distributor of video in the UK and the second-largest internet provider in the UK and they have content and technology that's very helpful to all of our plans. That’s all the acquisitions, except you want to hear the Jones story?

Weber: Yeah.

Hancock: Yes.

Brodsky: I gave you the laundry list of acquisitions in the 1990s. Typical of the techniques that we used in the 1990s was the way we acquired Jones Intercable, a substantial cable operator. Everybody was kind of looking at Jones. We knew Cox was working on it very hard, and one of our advisors came in with a unique way to approach the problem.

Bell of Canada was an investor in Jones Intercable, and they had an option to acquire Jones' controlling stock, which was at a price way in excess of the current price of the equivalent common shares, which they were convertible into, were trading. So it kind of frightened people away, and everybody was dealing with Glenn Jones on it. We came to the conclusion that we would not deal with Glenn Jones on it. We would deal with the Canadians, and what difference did it make if it was a high price as long as it wasn't a lot of shares because then it's just dollars. And how much is the control premium worth in dollars? And number of shares and price of shares all are relevant if you get control of the company and you get the whole company at the other price for the common shares, which could be different than this price. So, we managed-- even though the option was exercisable for maybe two or three years out-- that is another thing. They said, "Well, it's not a current thing you can do anything with." We thought having it was enough to do anything we wanted.

So we make a deal with the Canadians and we buy it and, as a courtesy, we wanted Glenn to know about it. So we're having trouble tracking Glenn down. It turns out he's at some lodge in Montana or Idaho or somewhere and whenever we have these tough kinds of things, we send Ralph. So Ralph finds out where he's staying, checks into the place, and calls Glenn. "Hey, I happen to be here. How about breakfast?" <laughter> in this remote part of the world. And at breakfast, he tells Glenn what we have done and then he says, "And look, it's inevitable. Why don't we do it the way you want to do it, not the way we want to do it? You want to announce today. You want to do it. You want to do it. Get it done with. You got the controlled shares. Let's do it up nicely like the friends we are." And Glenn saw the wisdom of that and he was pretty-- and so that's where we got it.

So we do the deals, and Brian gets a call-- I'm not going to say names again at this point-- from a leading cable guy who is also trying to negotiate the deal with Glenn Jones, and he says, "You son of a gun, you did it again. I've been working on Glenn for years now to try and get those systems."Brian says, "What can I tell you?" "Guys, you have been working the wrong side of the street." <laughter> That's the Glenn Jones story.

Weber: That's great.

Brodsky: Now you know it.

Weber: I love it.

Hancock: Wow, we like it.

Brodsky: All right. What do we want to talk about?

Hancock: We're talking about computers.

Brodsky: Back then, my exposure to computers?

Hancock: And well, we...

Brodsky: In the beginning, God created heaven and earth. No. <laughter>

Hancock: That's good.

Weber: And computers were on the face of the world.

Hancock: We at least-- Marc is our internet specialist. We at least want to have-- he has a whole string of questions. We also want to take you back to what we understand. But maybe it was even earlier that you were one of the first people using computers for your cash flow projections very early, in the early '60s. So this was with your GE time-sharing and your...

Brodsky: Yeah, we'll-- I'll get to it. Yeah.

Hancock: So, if you could just tell us that, and we'll jump into internet.

Brodsky: Well, then we'll do the internet. My exposure to computers really started during my auditing days in public accounting. I happened to be there as the transition was being made from punch cards and accounting machines made by NCR and Burroughs and whatnot to computers. I was there when-- I don't know-- the 1401 came in and then the PDP-1, and then, of course, the big change was the IBM 360. And as an auditor, you call in consultants, and all the firms had IT departments, but at the end of the day, it was the auditor responsible for the audit who had to decide the effect of these computers on the systems of internal control and the accuracy of the actual numbers being generated and the like.

So, it required getting some basic understanding of computers and computer language, how they can be manipulated, what the controls are, and it was trying and got through it, got through it unscathed. Who knows what I might have missed? But in any event, nobody ever found out, and nobody ever-- nothing ever happened. But I gained a fair amount of knowledge on the mechanics of these, of what computers were about. Before computers, for instance, when you had large arithmetic tasks to compute, to do, to complete as an auditor, we'd call on what we called comptometer operators. I don't know if anyone still remembers what a comptometer is. It was a full keyboard thing that had very skilled operators, up to phase one, two, three, four. We used phase four and phase five operators, which mean they could put both their hands on this full keyboard and put their fingers in different places, perform complex multiplication and division things that where any single calculation on a mechanical calculator would take 30 to 40 seconds per calculation.

And let's say you have a spreadsheet or something. You're figuring out percentages for 50 items on a common denominator. That's a lot of mechanical type-- but these comptometer operators, we used them mainly to check the additions, the footings on the books of original entry to journals and whatnot and particularly on verifying and extending physical inventories, which could be thousands of items, 14 widgets at $0.16, to atomic reactors or something. We can do that one in our head, whatever. It was-- there were-- that's what we had in those days, and then the-- because we couldn't design, we weren't skilled enough to design programs. In those days, it was so new to use the company's computers to do those arithmetic exercises, so we had other tests of the internal control. It was done on a test basis with the comptometers and whatnot.

So, from there, when I got out of public accounting, there was no such thing. I mean, I tried. I guess one of my most advanced automation techniques I used before I found computers was I'd literally use three bookkeepers sitting in front of me and dictate spreadsheets and just put it by columns. You got columns 1 through 4. You got 5 through 12, and you got-- and I'd go, all my source material in front of me and just talk and these bookkeepers would write down the numbers as I was talking and looking at my stuff.

Needless to say, problems developed with that, but I got a lot done. I stumbled on it, necessity being the mother of invention in that I developed tennis elbow and I couldn't write for a couple of months but, yeah. At least I got the process going with that, but I got very tired of it. Then I heard of a CAD system, a computer-assisted design system that GE had. They rented it out principally to design and architectural firms, but they had a module that was what we would now call a spreadsheet. It was simply rows and columns.

Fralic: What year is this, probably?

Brodsky: This would have been in the late '60s. Yeah, the late 60’s about 10 years before I found minicomputers, microcomputers, personal computers, whatever. We'll get to whatever I don’t know what you called them, but we'll get to them sooner or later. But this was through online, hardwire telephone lines. The principal device they used was a Teletype. I think they were called type 33 Teletypes that had a type barrel on it, and it's what they Western Union used to do-- because there were what AP (Associated Press) used to transmit news types into newsrooms and all that sort of thing.

The input was punched paper tape, and they charged the egregious amount of $16 an hour for this service. I wasn't about to pop for a whole bunch at 16s, so I devised a system where I had external proofs, self-checking solutions, on the outside of the product. It was still on the same sheet, but when you did the paper cutting they were gone, but you had the proof of it. Everybody took turns preparing the punched paper tapes, which had these elaborate proofs on them also, to send over to an even young Brian Roberts. And we had the teletype in a closet. You had to go in this closet with a folding door and work on this keyboard. No screens obviously. It was just the punched paper tape. You'd draw the punched paper tape through a reader just to look at it to see if it looked right for the input, but you weren't really sure. That's why I had to have these external things, and I wasn't going to do too many iterations at 16 bucks an hour for it. But I had computer power, and what I used it for primarily was modeling the spreadsheets for acquisitions and for financing. It gave me enormous advantage over everybody else in the business and even over the problems I was trying to solve with it.So that went on for 10 years or so. I couldn't find anything better, and GE never really raised his prices over that time, which was very nice. They clearly were not cable guys. <laughs> I didn't say that. Scratch that.

Fralic: investor fees at the end? No, never mind.

Brodsky: So, then I came across VisiCalc with the Apple IIe, and I was astounded. Could not believe this, that the thing even existed or could be done. That was the good news. The bad news was it was limited to 50 rows, and I needed a lot more than 50 rows to do the things I was doing, and other than doing manual stuff there was no way around it. I spoke to Apple. I spoke to everybody. I spoke to consultants. There was just no way around it.

Gong Hancock: How many rows were you doing? Give us a sense of this--

Brodsky: Hundreds. Thousands. And everything else. Bottoms up things. Lots of them for years.

Weber: And the timesharing system could handle that?

Brodsky: Yeah, yeah, yeah, yep. Just do that. Yeah, sure. It'd do whatever I wanted. Just kept going. Then I designed it so that marginally I could live with what I had to do. Then I heard of Dr. Chang and MicroPlan Now, Dr. Chang Laboratories was some very small outfit in California. Never know. And it had the ability of transferring one row from one spreadsheet to another. That's all I needed. One row, I could move the world with one row, and so I called Dr. Chang. Become my new best friend. We're talking. He said, "Oh yeah. I could do that. Yeah, no problem." And he says, "Well, where can I see this? Where are you?" I said, "Philadelphia." "East Coast. Oh my God. Ah. I have one distributor on the east coast in Mahwah, New Jersey," which is in the northwest section of New Jersey, right where New Jersey, Pennsylvania, and New York all come together. What made it work was the Altos personal computer, which ran the Digital Research CP/M system. They were fairly well distributed and had a pretty good reputation as a piece of equipment. That's what PCs were in those days, and they were in Los Gatos or someplace out there, in your part of the world. So I called around and Altos said, "Yeah, we support MicroPlan." That's what the software was called. And I called the distributor in Mahwah. "Oh yeah. We have copies here, and we have Altos here." So, I get my three controllers. We had three divisions in the company at that time, and this had to be '67 or so, '68 maybe.

Weber: '70s.

Brodsky: '70s, '78, yeah. But right after, whenever [Apple] IIe came out, whenever VisiCalc came out. It was in months after that. Yeah, sure, '78, somewhere around there. I get my three controllers, pile them in my big Oldsmobile '98, and off we drive for two hours or so to northwest New Jersey. Pop in there. We were shown the equipment and I said "Hook it up." And loads this up, using 5-1/2 inch disks. I don't know what they were on, and I said, "Demonstrate it." Then we said, "Show me how to transfer a row." Then we said, "Uh huh. Perfect. Alright." I say, "I'll take it. Give me one copy of the software, one Altos CRU, three VS100 dumb terminals, one printer, and lots of cable," and I piled all that stuff in the trunk of my big Oldsmobile '98, pile my three controllers back in. Off we drive.

It's like Thursday or Friday. Over the weekend I hire a Bell Atlantic telephone guy and his son to come into our building on the weekend, open up the risers, get into where all the cables are because we were on three different floors, put the computer and one of the terminals and the printer on the main floor and take those cables and hook them up to the VS100's on the other two floors. Oh, I had to pay, by the way, $180 to get this done. It was not cheap, the guy and his son. Closed up the risers to the building, and Monday morning I had a network, and for the next few years I did all my projections on that.

A little worse for wear, but I did a little computing. Yeah, a lot of experimentation with that wonderful Altos machine. It worked beautifully. No problems whatsoever. But we all know what happened to Digital Research, one of the most tragic stories in computer history. I loved them. And then of course I saw Lotus 1-2-3, and then I said, "Life is good." You can now do this at the cell level. But, man. I saw it in the offices at the Bank of Montreal. I go to our relationship officer, Masha Plotnitsky. Showed it to me. It was '81, I guess. Yeah, somewhere around there. Yeah, because it works on a PC. So we got that, and then it was all off to the races from that point, and the rest is kind of common knowledge like everybody else's. But it was very exciting getting there from GE to Lotus 1-2-3 and then of course Excel after that and everything else that you did with them. They become tools with every part of your business, and now it's all on phones with everybody controlling everything.

Weber: So, when did you think of making networking or computing, bringing it into the business, doing something with the Internet?

Brodsky: Well, the Internet.

Weber: You told me offline that you had not looked into the interactive TV. You kind of skipped that whole stage.

Brodsky: Well, it was mixed results. The two-way TV even. It was a separate initiative from interactive TV. It was done in Akron, Ohio, the first one by Warner. QUBE it was called, first two-way system except for Japanese put one time over here in New Jersey. It was fine. They had like three guys from Japan here all the time, 24 hours a day, to keep the thing going. And the interactive stuff was first started up in Hartford, Connecticut by Zenith and somebody, and then _somebody in Wometco 03:05:46 tried it in northern New Jersey in Plainfield. Then the biggest experiment was Time Warner with a full-service network in Orlando. There was a QUBE two-way system in Akron, but none of them really worked out.

Weber: So you were watching these at the time?

Brosky: Oh, we watched them, but they had nothing to do with us. We couldn't see any reason to do it because we couldn't see anything that would work and that had a business model to support it. And so the cable modem came along and real two-way systems. The Internet itself -- I had heard little things about it, reading about it. Could not quite understand what it was. As I mentioned, I have a brother who was a physicist at the Watson Labs, and I figured if anybody would know about this, he would, so I call him and I said, "Did you ever hear of this thing called the Internet?" "Oh yeah, sure, terrific. We use it all the time." I said, "Really?" "We do. Well, we do research and stuff, and we get information and things." And I said, "Well, can I come see it?" "Sure."

So, I take the only other guy in the company who had heard of the Internet. Mark Coblitz, our deep thinker and strategic planner knew a little bit about it. And this had to be '91, '92, something like that. So, drive over to Yorktown Heights where the Watson Labs is, which is a wonderful place, just like heaven. My brother, started his computer and the C prompt comes up. Telenet comes up and there is talking about Archies and Gophers and Veronicas, and I don't know what the hell he's talking about, and this and that, and the next thing I know we're in the library of the University of Minnesota or someplace.

Weber: Gopher, yeah.

Brodsky: Yeah, the Gophers, right. The Minnesota Gophers. And he says, "What do you want to know?" I says, "Well, I want to know what the hell you're doing." And he says, "Look at this." And I said, "Oh terrific." I say, "Is that it?" He said, "That's it." And I said, "Oh well." It was a nice ride. It was a nice day to be in Yorktown Heights. I don't know what the hell you do with this thing. It's fine for you guys, but we're in mass marketing, the consumer-type stuff, and ain't nothing here for that. Goodbye, goodbye. So, a year or two later I accidently, stumble across Mosaic-in-a-box.

Weber: Oh yeah, Internet-in-a-box.

Brodsky: Is that what it was called? I thought it was called Mosaic-in-a-box.

Weber: Well, there's Frys. There were different versions, but Fry's Internet-in-a-box was the big one with Mosaic--

Brodsky: -- And it was from [Mark] Andreessen and the group at the University of Illinois at Urbana, and I saw this. I said, "Holy moly. The world ain't never going to be the same again. This is it." And I call my brother. I said, "Have you seen this one yet?" And he hadn't, and he said he was going to call me the next day. He said, "Oh my God." He said, "Anybody can use this thing." "Yeah. We got anybody." At which point I went crazy. And then Netscape came out and that sort of thing, and then we were up to about 1994 or '93, '94, somewhere around there.

Weber: Netscape's '94.

Brodsky: I say, "I've got to learn more about this business. This is too big." So, I talked to Mark Coblitz. I said, "The only way I know how to do this is you got to make some investments. You got to put a little money here and there and learn all about it. And so I said, "We're going to Silicon Valley next week. We're going to take a bag with 10 million bucks in it, and we're going to make a few investments and learn about this. So, I call Goldman, Morgan Stanley, and Quattrone, and everybody, and say, "Make me some dates. I want to meet 20 companies, and I want to meet the lawyers, the investment bankers. I want to know what the hell's going on out here in this area." So, we do that, and Mark Menel, who was at Morgan Stanley at the time. He's now an independent banker in the Valley. Takes us to our first meeting in Mountain View. Is that where you are?

Weber: Yeah.

Brodsky: Mountain View and shows me this company, and I love it. I am so taken with it. Of course, it was the wrong business model. It wasn't what they eventually did, but I was still totally captivated that anybody could even think about doing something like that. And so he says, "Well, you're lucky, Julian. There's $10 million bucks left in this round. Why don't you just take it?" I said, "What are you talking about?" First company, first day! $10 million's my budget! What am I going to do the rest of the week I got all these appointments. $2 million. So, we put $2 million in the angel round of the Verisign.

Weber: Oh, Verisign, yeah.

Brodsky: Seven or eight years later, I forget when it was, but they went public and everything. We, the venture of Comcast, distributed something like $200 million worth of stock to Comcast Corporation. At that time I had formed Comcast Interactive Capital, which is now Comcast Ventures. But that was the very first investment we made, and then we had all these meetings, got a hell of an education. Met some fabulous people that were so helpful over the years. We met Bill Gross that trip. Eric Schmidt was around. Jim Swartz. Larry Sonsini. We just wandered around meeting people and doing things and learning, and then we went down and made a second investment. Digital City or something or other, one of Bill Gross' investments. Turned out to be fabulous. It was acquired by Ticketmaster eventually, and that distribution formed the Comcast Foundation. When I distributed that stock it was at 40x or something and a bunch of them. Then we did that. We did that two or three times a year, and I was learning a fair amount.

Then the next thing that happened happened to be with Warren V. Musser, Pete Musser. He calls, and he says he's bringing in these two kids to come see us -- Ken Fox and Walter Buckley. They were going to form an entity, Internet Capital Group, that would be a combination venture capital fund and operating company specializing in B-to-B things. He wanted us to put a couple million dollars in. That really wasn't as important as he wanted us to be on the board, me and then when he took Coblitz, along with Bob Keith the chairmain to provide a certain amount of adult supervision for this group.

And I was still in my learning phase, and so I was very excited about this proposition. I said, "Yeah, Pete. We'll do it under the following condition: that we have the option, but not the obligation, to take 25% of any deal you do." And he said, "Sure. Why not? I'm going to be looking for partners in every deal I do. I'm not going to finance them all myself." Of all the dozens of deals we saw, we only exercised that option twice. Did you know that? Oh, you didn't.

Fralic: No, I didn't even know about the 25%.

Gong Hancock: For which deals?

Brodsky: Yeah, We did it on VerticalNet and LinkShare, both almost 50x's, and I was on the board for a long time.

Gong Hancock: So was that '99 when you started CIC?

Brodsky: I'll get to that in a minute.

Gong Hancock: Okay, still yet to come.

Brodsky: Because there's a step in between. So that was part of the learning process, getting involved, because I saw so much on the board ICG with all there deals. I learned an enormous amount, some of which what not to do from that experience. This was all moving along, and within Comcast there's not great knowledge of the Internet and its potentials. Little things going on here and there but nothing much, so I decided to have an Internet day with the 25 top people in Comcast. I used PricewaterhouseCoopers to help me with some of the structural aspects of it. I was going to have guest speakers.

PricewaterhouseCoopers would talk about security, regulation, some of the macro issues surrounding the internet. So I had three guest speakers. The first was Mary Meeker, who at the time, she was just the princess of the Internet. She wasn't yet queen of the Internet. She had just written her first big piece. That first book she wrote was just an eye opener, and she was at Morgan Stanley. It was one of our investment banks that helped So she came down to talk about the few companies that had gone public, what the market perception was with the business model, what the expectations were, what the multiples were. It was fabulous.

Then I introduced everything with Pricewaterhouse in between speakers. Then the next thing was another Morgan Stanley analyst. I think his name was Kelly, who talked about the plumbing, the infrastructure, how the Internet physically worked and who was doing what to whom and what companies were involved in doing different aspects of it. And then we had some more PWC. Oh, I wrote a four-page memo at the beginning. Oh, this is a riot. It seems so naïve now. Introduction. Open an Amazon account. Buy something on eBay. Send an email. Go on a bulletin board, but don't pay too much attention to what you see and hear, and turn on your computer. I guess number one, turn on your computer. And so four pages of instructions. How to get an email account and AOL stuff plus whatever else. A couple of other things were on the Internet, so that was the start of it, and then I sent that out a month ahead of time before the meeting.

Then the last speaker was Mike Parekh, who was the ecommerce guy at Goldman Sachs. I had him last because I wanted him to have dinner with the QVC guys there at the end, and he was terrific. And how ecommerce works, who was doing what. And then three weeks later Brian invited a larger group, including these 25 plus additional ones, to just say what they were doing with the internet. We asked them what are you doing with the internet if anything? So we got a few scraps and pieces and bits of this and that of it, and Brian realized he had to sort of rationalize a little more from an operating viewpoint, even though we had a significant growing relationship @ Home.

One of the deliverables after the meeting was I wrote a memo to Ralph and Brian saying we should create an in-house venture capital fund, hire an experienced Silicon Valley venture capitalist. We would funded at $100 million funds. Coblitz and I would look after it to make sure nothing terrible happened and that sort of thing and concentrate on finding out things that would be of strategic interest to Comcast, not necessarily as acquisitions but as trends, things happening that either could be to our advantage or disadvantage as the case may be. I viewed it as being the cheapest R&D we could get and maybe even make a couple bucks on the side. So that was the logic of it all. Everybody loved it except they weren't going to give anybody $100 million to do it.

So Ralph, the genius that he is. He says, "Look. You and I are slowing down. The transition to Brian is complete." That was completed around '95, '96. It was over the first five or six years. "You're good at this stuff. Why don't you do it?" I said, "I'm not going to California. That's for sure." I lived to regret that statement because when I stepped foot in Palo Alto I said, "Twenty years earlier, I'm here."

And so, I said, "Okay," and so we set up the structure like we do with anything. The subsidiary. We're going to hire people with stock options and stuff like that. I couldn't attract flies. I could not attract any talent whatsoever. What's the problem? They all wanted a carried interest. Stock options? They don't want to worry about all these other people in the company creating value. They wanted to be venture capitalists, so I engaged a firm up in Boston. Testa Hurwitz? It was a pretty famous firm for funds. They came down . Had them come and give us a presentation with like the menu in a Chinese restaurant. Option A, option B, option C for every single decision. The amount of carried interest, progressive, most common, aggressive and conservative. Covering every aspect of how a corporate venture capital fund could be done.

Then I came upon the solution to solve all the problems and it had to be unique to Comcast and unique to me, in that we would make Comcast the sole limited, and the kids and I, my eventual employees, would control the general. And nobody at Comcast cared because as long as I was there nothing terrible was going to happen in the general. It was all going to be in Comcast's interest, and it was an easy way to get me off the payroll, not off totally, but of a different business model for me as well. And the minute I did that my employee number one, who is now a very senior guy in Comcast, Sam Schwartz, came in with his portfolio deals. And I was very impressed with him as an investor in this business. I didn't know whether he knew anything about technology. He was magna cum laude software engineering graduate of the Moore School of Engineering at Penn. Worked the software for a couple of years and went back. Got his MBA at Wharton and went to Boston Consulting Group. Then went to work for the meanest VC in Philadelphia, Paul. What's his name? He stole two of my accounting guys. That's why I say that. And he was fabulous. And that's how I put together a group of five people.

Fralic: What year was this when it started?

Brodsky: '99. End of '98, '99.

Fralic: Because you came across a young Philadelphia entrepreneur named Josh Kopelman in '99.

Brodsky: Before that. Did you know that?

Fralic: No.

Brodsky: There's a whole story on that one, too. Before that, Ralph and Bob Pick, our head of corporate development, every so often they went rogue on us, if the chief shareholder and chairman can go rogue. They made this investment in Infonautics, and that was a mess, a terrible place. So they didn't know what to do with it after a while, so they called me. I don't remember if we even had the fund yet or not. And they said, "Please take it over. What do we know about running venture investments and go on the board and this sort of thing?" So, I go to a board meeting, and I meet with the general counsel, the external auditors. Their main product was something called Homework Helper.

Fralic: It was like a pre-internet search engine, right?

Brodsky: Yeah, to help kids with their homework, and it's a mess. The CEO was bizarre. I said, "No way am I getting involved in this thing." But I'll tell you, there was one guy out there, a really bright star, 20-something, recently minted MBA out of Wharton named Josh Kopelman. And we ought to keep an eye on him. Otherwise the place is worthless. So they say, "You got to take it over." I say, "Uh huh." I think I had the fund. It was a fund that I did start. I said, "Alright. I'll take it over. Do you know what the P word is? I'm putting the P word to you. The P word is put. I got a put to you on this one, and a guaranteed 10% IRR no matter what happens."

So, they eventually went out of business, but Josh Kopelman three or four years later, Sam Schwartz, who's all of 35 years old at this point is Josh's mentor. How do you mentor somebody when you're 35 years old? And he came and he said, "This guy has had an epiphany." Literally. He's bouncing back and forth trying to buy a Grisham book -- bouncing between Amazon and eBay, and then the epiphany hit him. He was going to sell things like books and video games, as long as it had that bar on the back of it, at a fixed price for not more than half the retail price, and that was half.com. Sold it to eBay.

And a very funny story on it is it was an enormous success out of the box. Immediately. And he took the viewpoint that this may be his one chance to provide financial security for his family. He had other opportunities eventually, and he wanted to sell the company right away, right after he started it. So I said, “Fine. If that’s how you feel about it. Yeah, we’re VC’s. We’re with you. I think you’ve got a long run here but what the hell? So, who do you want? Goldman Sachs or Morgan Stanley?” He says, “I hate investment bankers. I saw what they did at Infonautics. They’re the worst vermin in the world.” He was emotional about it. He says, “I want you and Sam to sell the company.” I said, “Whoa. We’re VC’s. We don’t sell companies. That’s not what we do.” He says, “Well, you got to do it.” I say to Sam, “You ever sell a company?” “Nope.” I’ve sold a few, but they were part of Comcast and everything. It didn’t mean a bunch. All I know is you need a blue book to sell a company, so I said, “We’ll do it. No fee. Just as shareholders and directors.”

And so, we did. We had the company do most of the work, and we put together a blue book. Generated all kinds of interest. It was a little complicated. Ended up with an auction. I worked on the deal terms. Sam worked on getting it done. Then he flew out to California, sold it for close to $500 million to Meg Whitman, at Ebay Josh had financial security for his family, and we had a wonderful experience. But to tell you how fast it happened. In drafting, and they wanted a good pooling of interest. You still had pooling of interest in those days. I worked on that part of the contract, getting that to work, but I had to postpone closing a month or two because we weren’t even eligible for long-term capital gains yet. That’s how fast it all was. It was less than a year since we put up the money it was sold. So we put off closing like two months until we got the long-term capital gains.

Fralic: Talk a little bit more about Internet Capital Group and what was going on with the internet bubble.

Brodsky: Well, that was fascinating. This is the bubble. This is the Kool-Aid story for it. By the way, that little fund I did. We threw in the investments Mark Coblitz and I did prior to well, we threw them in at fair market value at the time in 1998. We had an outrageous IRR for the nine years that I was involved with Comcast Venture Capital activities. Big numbers. I’m not going to say what it was, but they’re enormous. I don’t know anybody except maybe you guys (first round) that came close to that. But that was fun. So, in continuation with the Internet Capital Group story, they’re off to the races, and they’re right in the middle of a hockey stick from 1996 to 1999. All kinds of stuff going on, and their value is going up each round. They go public in December of '99 or maybe it’s a little earlier.

Fralic: It was earlier than that.

Brodsky: Maybe it’s October, somewhere around there, and their market cap of their shares is over $50 billion. Ford Motor Company is investing in them. They’re in hot tubs with the head of GM. It’s all happening. I handled the IPO allocation for Comcast. People were fighting to get shares and that sort of thing. The shares go up to something like two hundred and some odd dollars a share, and we get our first liquidity event in January of 2000, so the IPO had to be before that, so it had to be a few months before that. It had to be at least 90 days.

Fralic: Within six months, right?

Brodsky: Six months, 90 days, something like that. I think I got a carve out in the liquidity event for some short period or something. And I know you people are financial savvy, so you probably can do this calculation. Our liquidity event allowed us to sell 10% of our holdings, and the proceeds from that 10% of holdings I think was somewhere around $560 or $580 million. Multiply it by 10. We had invested at this point almost $20 million. We started with two or three, but there were other things. Pete Musser is in the middle of this whole thing in and out. He created it, but he was up to his eyeballs in it also, and so then, of course, March of 2000 comes. Let's just say for illustration purposes, I don't remember the exact numbers, we sold for $220 a share in January of 2000.

The next liquidity event comes in June of 2000. Now, the bubble has burst. Let's say the stock has gone let's just say from $220 to $150, keeping the orders of magnitude, roughly something like that. I forget how many shares we could sell, so we can't do the arithmetic on the total, but it doesn't matter because it amounted to $500 million we could have taken out in June. Now Comcast is run by a finance committee at that time consisting of Ralph, Brian, me, and two of my successors, Larry Smith and John Alchin. Now four of us remember it very clearly. We're all drinking the Kool-Aid, that it was unanimous, this was an aberration, this March thing, and it's going to keep going. Trees do grow to the sky. Who says no? And we rode it, I recall unanimously. One young person recalls differently, that we would not sell at that price. Long story short. We rode it all the way down to $1.32 a share. Bad news. The good news is we still had 25 million shares, so we made money on that $1.32. That got us up to $600 million out of the whole thing. Is that something?

Gong Hancock: That's crazy.

Brodsky: That there are people who got out at the $200 level, people around town here who have homes and boats and everything from that.

Fralic: How did that crash affect you or the market just psychologically? What did that do to you and your approach to investing and risk?

Brodsky: Well, the same way. I'll tell you what it did. The same thing I did later on. Every time I thought I was smart and clever and really a hot shot, I had saved all of my brokerage statements from December of '99 where I wasn't like Pete. I had a lot of tech stock, which hit an all-time high then also, but I wasn't selling so much of that. Just to show all the technology stocks I owned and what they were worth or not worth eventually.

It changed the way fund invested. First of all, if you looked carefully enough, post-crash there were a lot of opportunities. There were some good companies that got hurt. I don't think I ever worked so hard. We had about 20 companies on the brink of extinction. I saved a few but-I couldn't save them all. Three of them survived. 17 of them went zip.

A fascinating ICG story and everything else, and one of the ones that survived was LinkShare, which we all thought was a pretty good company. They provided a network for people who needed traffic to people who generated traffic. Either party posted a deal on the web, how much will be paid or received per click or view per this, per that, whatever the hell the deal was They were the honest broker in between on their network. They made sure everybody got the right count. They fought fraud and click fraud, you remember that, and that sort of thing., They ran seminars, on how to develop effective affiliate programs. It was a good company, a solid company. They were a brother and sister team. She was Harvard Law. Her brother was also a lawyer. He talked her into coming on board and being COO. He had the concept of this network, and the two of them ran it, and then the bubble burst.

They went from 350 employees to 35 employees, struggling with the payroll and everything. ICG was the largest shareholder other than the kids, the brother and the sister, and we were the second largest. They had 20%, we had 10%, whatever, something like that order of magnitude. But they asked me to handle the negotiations with them. I had been on the board and had gotten off after a while. I was very friendly with them. I had all kinds of admiration for them. So I came in with a plan that we had agreed upon with ICG to bridge things, but it was a bridge to an exit, and so the deal was to give them enough money to validate value, but you have to sell the company within six months. It was a bunker mentality. Not to say it was rational. This was not at the beginning of the collapse. This was like the end of 2001. It was really bad because those multipliers. People were running out of money, no one had money and no one was investing companies, I gave them the offer.

They went out of the room, then came back, profusely thanked me and ICG for at least having that much faith in them, and they said, “No. We’re going to try to make it through. We don’t want to be in a position that we have to sell the company.” I say, “Are you sure you know what you’re doing?” Goodbye, goodbye. A year or two later I get a phone call. I pretty much forget all about it. I think they’re broke or something. I’m getting reports, but I’m not paying any attention to it. They call me and say “We must see you. We’re putting $1 million a month in the bank. We think we’re not structured right tax-wise and this and that, so can you give us some time?” I say, “Sure.” So after that I get them a new lawyer, to restructure, etc…. Goodbye, goodbye.

A couple years later I get a call. “We must talk to you. ICG, the other shareholders, investment bankers, etc. all want us to go public. They think we can get an IPO valuation of $350/$400 million, maybe $300 million, some big number, and we’re not sure it’s the right thing to do. Can you give us some time?” So, I spent a day and a half with them, fee free, and come to the conclusion they’re better off selling the company than going public. So again I say, “Who do you want? Morgan Stanley or Goldman Sachs?” So, we get them Goldman Sachs and make sure it was the A team. I was very close to those folks. It was very complicated. They had Japanese investors who had rights. It was a dog’s breakfast, but they had never raised another nickel. From the day I walked out of the room that day, they had never raised another nickel. They did it. They tightened their belts, and somehow, they got through. The first few months they rebuilt the business. It’s one of the great entrepreneur stories of all times how they came through that, and they ended up selling to Rakuten called the Japanese version of Ebay.

Gong Hancock: Rakuten.

Brodsky: Yeah, for almost $500 million. They each had a $100 million payday, and it was one of the happiest stories. We made $50 million on our, I don’t know, $700,000, $1 million investment or something. ICG did very nicely, and so that's the happy story of the bubble bursting. ICG's just a funny story of Kool-Aid and psychology.

Weber: Tell the cable-modem story, though.

Brodsky: Well, the cable..

Weber: … because that'll come with..

Brodsky: It..

Hancock: It will come together. Yeah, that was a big investment.

Weber: $1 billion.

Hancock: $1 billion.

Brodsky: There was so much talk about what AOL was doing, Prodigy and then @Home, and was there a way? How were we going to get the traffic? What kind of modem could there be to make this doable at the consumer level?

Weber: You were part of @Home, right, or you were part of the <overlapping conversation>?

Brodsky: Yeah, we were part of @Home. We were one of the founding founding shareholders at the time. And there was this fellow at CableLabs. I think it was Rouzbeh Yassini. You know Rouzbeh's name? You ought to interview him. He's an important person. He invented the cable modem.

Weber: I know another guy who said he did, but okay.

Brodsky: Who was that?

Weber: God, I have it. I'll look it up. I know his wife is Anne Cohen.

Brodsky: Well, Rouzbeh did it. And a lot of people didn't think it worked. Andy Grove publicly at the Allen & Company conference, said it absolutely does not work and will never work. Brian and the team flew out the next morning and got time before breakfast on the Allen & Company program-- the one they have in Sun Valley, and made a presentation and gave the facts of how the cable modem was working in the field and how successful it was.

There was a company that manufactured the first cable modem that you may be thinking about, who were very important. That kind of revolutionized everything when the Comcast team showed up at the Allen & Company conference and laid out the facts about the cable modem. Actually, the mid-1990s, very early in the game, we were deploying cable modems in the @Home environment. And @Home had a couple misconceptions. It was great. It got us started. I don't know if we would've progressed as fast as we did eventually without the @Home experience. Aside from the fact that, believe it or not, we made a lot of money on it. Had more to do with dealing with AT&T rather than the operational success of @Home.

But the @Home/Excite transaction did not work out very well, a lot of issues with that. At the end of the day, @Home had issues. There were certain shareholders at @Home, the conditions in AOL, walled-garden type of approach to the Internet, which obviously was a misconception. It had to be open for it to be what it became. But the cable mentality of some cable operators, they just think in terms of the walled garden as an approach. Comcast was not of that opinion. We had seen enough that we knew that the potential was much greater without the kind of artificial limitation.

Then we went on to our own, without @Home, high-speed data business, which of course has been enormously successful, especially the way we run it at Comcast. We have net ads percentage-wise more than anyone, still growing at a couple hundred thousand a quarter. It's unbelievable. And we now have more high-speed data customers than video customers as a combination of growth of high-speed data and the cord-cutting phenomenon.

Fralic: How did Bill Gates come into the picture?

Brodsky: That's a funny story. The cable guys, the CEOs, had a tradition that once or twice a year. They would make a technology road trip. Sometimes they'd go to Europe, to visit Philips and this and that or go to Asia and do the same visiting Samsung and Toshiba and whoever. And then mostly in the United States they'd start in Los Angeles. Of course, they spent a lot of time in Silicon Valley and always ended up in Seattle with Microsoft and Bill Gates at a dinner. What Bill Gates knew about cable was pretty much what he knew from TCI, and John Malone. He was close to them and everything. And they were not known for having technologically advanced systems.

The euphemism that the TCI used was, "We serve plain-vanilla cable," otherwise an explanation for not having modern technology in the plant and rebuilding it the way a lot of us did. So, at the dinner, Gates says, "You guys may be missing the boat. The Internet's going to be very big. You have to have the proper capacity to deal with it in broadband," and he goes on and on. Brian or one of the cable guys at the table, he says, "What are you talking about?. Why don't you go around the table and ask everyone what the status of their plant is? How ready are they for this?" and they go around, and Cox says we are rebuilt Newhouse says this. Time Warner says that. Comcast says this, and everybody's deployed a lot of fiber, a lot of upgrades, a lot of rings. And Gates is shocked that so much has been done that he was not aware of. Everybody's having a few drinks, I guess, and Brian suggests, "Listen, Bill. You're so excited about this now. Why don't you just buy 10 percent of everybody around the table and be done with it?" and Gates is there. He was thinking, very contemplative about it. He says, "How much would that cost?" So everybody's laughing. Goodbye, goodbye.

We get a phone call two days later from Greg Maffei, who's then the CFO of Microsoft. He's now Malone's CEO of Liberty, and he says, "Bill's interested in continuing the discussions," and Brian goes, "What discussions?" He said, "Well, he's thinking about maybe making an investment in Comcast."

“Sure.” So we sent a team out there, and they agree on the broad outlines of a deal, come back. And it was the last thing I personally did for Comcast and-- where I actually dealt with Maffei, and we ironed out all the terms of the-- Microsoft’s billion-dollar investment in Comcast.

We had a lot of fun on the negotiations. He wanted the Microsoft discount, and I was explaining to him the Comcast premium, all in good spirits I mean, it was really a high-level negotiation. We’ve done hundreds of deals. There’re some that’re good, and some are just painful. This was fun, although I didn’t get everything I wanted. The thing I wanted most was the ability to make it go away. There was a convertible feature with an interest rate, and I couldn’t. I couldn’t get that. He gave me rate, gave me all kinds of other things, would not give me that one. But eventually, for some strange reason, for their own reasons, they were out of it in a short period of time, couple, three years. But they made a lot of money, because CABT was coming right out of Re-reg., and things were exploding.

Weber: But beyond the pure financial, I mean, what was-- what were you guys..

Brodsky: No strings attached. Brian asked Gates to come on the board for that investment. He said, “What do you want me on the board for? You sit around in meetings all day. You want to talk about something? Call me. We’ll talk about it,” and he was right., Everybody thought there was a commitment for all kinds of things such as getting Microsoft involved in the operations, using their equipment, using their software, nothing, not one single string attached. It was a fine deal. They were great partners. They were helpful. We talked to them. They talked to us, and it was a wonderful relationship. But there were all kinds of misconceptions about the nature of the relationship. It was strictly a financial relationship, and they were passive.

Weber: So, when did you start actually rolling out service, being an ISP to customers?

Brodsky: I’d say the late ‘90s.

Weber: In that same period?

Brodsky: Yeah, yeah. We were doing it then, yeah. Our plant was in good shape, and that’s partially thankful to Steve Burke. What happened was the satellite went up, and the satellite was up, but DirecTV was launched. Dish was launched. They were broadcasting high-quality, great-audio stuff directly to the consumer. The other thing that happened was-- heck, right now it slipped my tongue. There were starting to be overbuilds and competition not only from the telephone companies but from power companies in the planned developments in Florida that were competing with us, not so much wire to wire, but for new expansion opportunities. Wire to wire was kind of a death wish. Ameritech had blood on the boardroom floor. They took on the top five cable operators all at once in the Midwest. I mean, to them it was just a thing. It was life and death to lose a single subscriber to a cable operator to them, so they’re-- the cable guys are fighting an enormous battle and won, I mean, destroyed them. They had to sell, among other things, to Southwestern Bell, to help create the new AT&T.

So at that point, we had reacted modestly. We were reacting just to fix up our most vulnerable systems, rebuilds here and there, and at that point Steve Burke came in as head of our cable division, and he said, "This is all wrong, this modest, defensive approach that you're taking. You got to be aggressive, deploy as much digital equipment, as much fiber as you can and get in there, and let's rumble."

And it was terrifying, because the knock on the cable business always been, yeah, you have all this cash flow, but you've always managed to spend it on capital expenditures or something, and you never have anything for the shareholders. That was the perpetual knock for 40 years on the cable business. So, everybody said, "Oh, my God, here we go again," and he was doing it in a grand manner. But he was so absolutely right. It paid off so quickly. We were deploying it, and we were ready. We had fiber. We had up-to-date plant. We could do anything with it. And we were getting high-speed data customers a mile a minute at high-price-- not high-price, low prices but high margins, $40 a month. What an incredible bargain that was for connectivity to the Internet. It was clearly a $100 product, if anything. We got high-def., video on demand, telephony, of course Internet connectivity. He couldn't have been more right at the time. Scary! It was aggressive, but it paid off. It was wonderful.

Weber: What year did that start, the really deep part of that?

Brodsky: Almost immediately. I'd say that decision was probably made in '98, and then by next two years we were…. We finished it ahead of schedule, a year ahead of schedule, what we planned on the upgrades. I mean, he put the pedal to the metal on that one.

Weber: What did it cost to do those upgrades?

Brodsky: I don't remember, a lot.

Weber: It was a real hit for you.

Brodsky: A lot. Yeah, it turned heads. But in the scheme of things, we would've spent it sooner or later, anyway, and we got paid back faster this way. It all worked out. It all worked out wonderfully.

Weber: It became the major part of your income. But when did it surpass the more..

Brodsky: Just recently, the last two years. But that doesn't matter that it surpassed. The other one was coming down, but this was still going up, and there was also very high margin. You remember the video business was being eaten alive by programming increases. For a while there, people like ESPN were getting 10, 15 percent a year increases in their rates, and it was horrible. So Cox took a strike that saved us all and said, "We're not paying it." At least it stopped that from becoming the norm. Programming represented the greatest segment of our costs, high one, to begin with, and, two, the greatest segment of our costs increasing at the greatest rate. That's not a happy story. With the Internet, variable costs were nominal. I mean, a couple technical costs to keep it going and that sort of thing and expanding it, mainly capex, for more fiber, that sort of thing. But it was a high gross margin even at $40. But we made more on the $40 or $50 high-speed data customer, than a $75 or $80 video customer.

Hancock: We can talk about QVC tomorrow when we're with Pete, if that's all right, but maybe this is a natural place to call it-- pull the lens out and say we've gone on this journey from the beginning of your life and also Comcast's. But now as you look at September 2019 and describe Comcast, what are the kind of core parts that you would-- how would you describe it today and its-- especially its impact?

Brodsky: Well, we've solved so many problems and created so many opportunities in the acquisitions of AT&T, NBCUniversal and Sky. So, it'd be trite to say that because of Sky, the world is our oyster, but at least we can expand in Europe. NBCUniversal is doing so well -- getting ready to open I think what's going to be the largest theme park in the world in Beijing. Universal Studios is coming up with hits. We have content for the streaming world. NBC itself will have a streaming product.

Fralic: It launched today. It's called Peacock.

Brodsky: Hmm?

Fralic: It's called Peacock. It launched today.

Brodsky: It did? Is that what they're calling it?

Weber: Yep.

<off-topic conversation>

Brodsky: I guess that's okay. That's all right. That's a good brand. And I think Brian and the team are playing the cards just right that we will be one of the winners of this whole streaming revolution. But somebody's going to have to rationalize it. The customer doesn't want 10 bills a month, $6.95 for CBS, yeah, though now it's $12 for AT&T, whatever Disney is giving it away for, which obviously won't last. So, something's going to happen, need for service calls, for taking care of the customer, for billing, for everything, for-- even for marketing. Can't have Hulu, Roku, all these different things. I think we're the logical people to make sense of it all, and we'll have our own streaming products.

Hancock: We've talked a lot about growth and a lot of victories. You along the way mentioned some of the deals missed, some of the challenges. If you were to talk about some of the most difficult times or the darkest moments, could you share some of that for those entrepreneurs that are looking to you?

Brodsky: The darkest, no question, was 1985 to 1987, when the government had regulation. The way it happened is, by fiat, overnight the FCC said, "You will reduce your rates 10 percent." Then, that wasn't painful enough. Then Representative Ed Markey of Massachusetts, somehow in the dark of night or something, got the FCC to reduce it another seven percent. So those two years were the only periods in the 50-year, 60-year history of this company when we had reduced revenue and reduced cash flow and reduced earnings compared to our prior period. Only time.

But Dan Aaron told me long before all of this when we used talked about potential dangers . We used to talk about the lenders. What are the threats to the company? We have so many enemies. We fought everybody. The publishers, the newspapers, the magazines, the movie houses, the broadcasters, Hollywood, all these enemies. One after the other, and we won every time. You may think that cable customers are upset. They don't get good service, this or that. For the most part, cable customers love their service. It gives them something they could not otherwise get, whether in the early days it was TV signals in these valley towns, later on the cable modem, Internet, so many things, HBO when it came, movies without commercials.

So, we have always had a solid relationship with our customers and with the communities we serve, for the most part very good relationship. They value what kind of corporate citizens we are in the communities. We're local, DirecTV. It's tough when companies try to be local, but they are telephone companies, and it's an enormous amount of strength there. So, they said to me, "We will win every fight." He was so prescient in his view of the world, so smart. He said, "But the only thing that'll ever take us down, will ever hurt us, would be regulation and we should be deemed to be a common carrier at the federal level." And, sure enough, that's-- I mean, you look what happened. It was horrible.

There was a big fight over Net neutrality, and I defy any two people to try to define what Net neutrality is, but they're very passionate about it, whatever it is, particularly in the part of the world you come from. And Tom Wheeler, who was chairman of the FCC, was working very hard and was just about this close to finalizing a deal between all the interested parties on getting voluntary compliance or getting a set of regulations everyone could live with. A lot of us, like Comcast, said, "We'll abide by the rules. It's fine if you define them this way," the way they were defined at the time.

The White House, without even talking to Wheeler and with the help of people from your neighborhood, threw his chairman under the bus and said, "Not only are we going to have Net neutrality, you're going to have Title II regulation under the Telephone Act of-- Radio Act of 1934." It was like an atomic bomb on the whole process, and then the same thing happened with the-- our acquisition of Time Warner Cable. We were told by the Justice Department, "Prepare for closing in three weeks," and the FCC signed off, And everybody was signed off on it. The deal was on automatic pilot, and all of a sudden, the White House/FCC decided they were going to look at the deal and see if it was in the public interest.

They came to the conclusion, at the behest of the White House and your friends in your neighborhood, that it was not in the public interest. So, we spent several hundred million dollars getting ready for this and doing this and without any logic, because they don't need logic for the public interest. The FTC and the Justice Department need antitrust reasons for not doing it, and we passed all those criteria. This was a vertical integration. It didn't affect anything as far as market dynamics were concerned. So how they came to conclusion was it was just a political thing. Someone thought they'd be better off aligning themselves with Silicon Valley than with the cable industry, and those are the type of threats. Anything else we can live with. That kind of nonsense, we-- it was hard to deal with.

Hancock: Well, we wish we had all day and another night, but I just have two questions. Chris may have some and Marc. One of them: We're sitting in a room here, where it says, "Julian A. Brodsky, a risk-taker, a financial innovator, a beacon of integrity and ethics, a man of great passions, a mentor. Julian always believed he was part of the greatest business ever created. You certainly have exemplified that and told us that story."

Brodsky: My mother wrote that.

Hancock: Well, I want to ask you. How do you, yourself, measure your life?

Brodsky: I had two of the greatest partners in the world in the business, and we took it a step at a time. We never really compromised our values. I was so proud to be associated with them. They were so good, so talented, and Ralph is, no question, the best friend I had in the world. He saved my life, literally, in 1972 by somehow getting me to stop smoking. I had been diagnosed as addicted. They wanted to put me in some hospital in Kentucky, and everybody had tried every ways and means of getting me to stop. Ralph figured out a way. It's a wonderful story but too long for this forum as to how he did it, but he did it.

The last cigarette I smoked was April 25th, 1972, and there's no question-- I was smoking three to five packs of unfiltered Pall Mall a day. That was a lot, and no question how that story was going to end, and the other thing is I regret what doing this did to my family. I've been married 62 years, the most wonderful woman, but I was compulsive about the business, and as a result was not perhaps the best father and husband I could've been because of this. I got a little wild about this. They smuggled my wife, Lois, into one of my farewell dinners. It was at a management conference in Arizona. It was 700 of the top Comcast people, and Monday night was my night. I gave this talk, and at the end I did this apology in the form of comparing Comcast to my mistress, and it got pretty interesting tones and apologized, but I don't know whether I could've done it any differently. She was marvelous. She managed the kids, the house, everything, just terrific, and-- but I'm not sure how fair it was to her and the kids the way it played out.

But, yeah, like Ralph says, you take the bitter with the batter. Life is a series of compromises. He had all kinds of great sayings like, "Never run after a tennis ball. Sooner or later, another one comes." But it's been a marvelous-- and then to watch Brian, who I knew as an infant, turn into such a magnificent man and leader and visionary-- Ralph and I often — We knew from the time he was eight years old he was coming into the business. We didn't have any idea whether he'd be any good or not. We just continued to marvel as to how good he is, and it's strange.

Ralph had five children. Brian's the fourth one down, not necessarily a natural sequence of events that he should be the one to be in the company and the others had no interest in the business. So the whole adventure, the story, Dan emigrating from Germany in the late '30s and then becoming what he became. He was chairman of our trade association when we were the 25th largest cable operator – nothing -- and he did a marvelous job in putting our industry on the map and the political map in Washington.

So, all in all, I look at these buildings and everything, and I can think back literally as I try to explain-- impart to you how it happened step by step, some of the singles, some of the doubles, triples, of course three or four home runs that we hit and always with the same way and that Brian was able to now pull off all these mega-deals that are so strategic and so important. It just is a wonder to behold.

Hancock: It is. My last question that I would like to ask, and I'll turn it to my colleagues, is, as we look ahead, part of the museum is to help inspire the next generation, and earlier today I asked you if you were to think of one word of advice that you would give to a young person who's looking to-- what would be that one word of advice and why?

Brodsky: Well, it's imagination. Think beyond what is obvious. You have to take risks. You have to be bold. You have to be responsible. Comcast has always had a very flat organization, very few levels of bureaucracy now. Brian's desperately trying to maintain that entrepreneurial spirit, a family feeling. Very hard to do with 200,000 moving parts. But it's still, I think, in the ethos of the company. Take risks. Make mistakes. Well, a lot of good things have come out of Silicon Valley, but the stigma of failure doesn't exist there. Matter of fact, some people can wear it as a badge, and if you're a VC, as Chris could tell you, if somebody failed a couple things, it can often be viewed as a positive, because there are lessons learned from every one of these things.

So, I would say it's like a journey, driving that car, not the three-man car but driving a car from Point A to Point B. All right, so you get a few fender benders, a few nicks, a few bangs. You and the car got there in one piece. It was a successful journey. You accomplished what you set out to do, maybe not without a little pain here and there, and maybe you had to take a detour. Maybe you had to drive through some deep water, do other things, but don't be afraid. Imagine. The last thing you want to ever hear is, "That's the way it's always been done," and I don't know where that's been done that way and whatever happened to all those doers or non-doers, as the case may be. So, I think being bold, being responsible for your actions, expecting to be held responsible for your decisions and your results. I think that's my big takeaway from the 60-some years of doing this stuff. It's been wonderful, a fabulous journey, so many friends, so many people, all things, the attorneys, the investment bankers, the lawyers but mostly the colleagues here at Comcast. Such a remarkable group of people, and the phases, the emphasis.

When the industry first started, the most important thing was, "Will it play?" So, it was an industry dominated by engineers who could make the plant play. When that was done and it started to grow and we wanted to get rid of the finance companies and the inefficient ways of financing, and accounting was coming into its own, and then it was an industry dominated by financiers and accountants-- I like to call that the golden age of cable. And then when HBO came in, it changed from a reception medium to an entertainment medium. Then the marketers became very important. How do you market in an urban and suburban environment when all you're doing is waiting for someone to catch up to your truck to hook them up, because they needed television reception? So that was a whole different mindset and a different philosophy.

And then as we had more channels and more creative people came in and the HBOs and the ESPNs, that became the year of the content provider, "What're you going to show on this marvelous medium that you have?" and then we're getting to the stage we are now, where the Internet and connectivity and two-way, and then we have the whole new world of the graphic designer, the computer scientist and the network expert, and how is AI going to now fit into the smart home and to their products and VR as a product? So, we're now into this new, great world that I really can't label or define, because it's evolving so quickly.

So those are the phases, and I've lived through them all. When I look back at the initial Cable Hall of Fame, the first class, which were the Malarkeys of the world, the Walsonoviches and the rudimentary engineers that did all this that worked-- I knew them all. It was such a wonder up and through today and all the great things happen-- it's been fun. It's been an unbelievable journey.

Hancock: Incredible. Marc and Chris?

Brodsky: You've given up? You get everything?

Fralic: Great day. Thank you for sharing.

Weber: So I would..

Brodsky: Thank you for sitting through all these stories.

Fralic: Love them.

Weber: What I would ask is, so if you-- looking ahead, let's say, 20 years, what would be your biggest hope and biggest fear for what would happen? You can choose either Comcast or the industry.

Brodsky: Well, no, there's only one hope, that the government stay out of our business, and the Internet developed. Net neutrality was a solution looking for a problem. There were no problems. There was not one thing that Net neutrality solved but nothing had happened, and the entire Internet developed, thank you, without the help of Washington. You can say operators, sorry, that's so far back. That didn't develop anything. I mean nothing happened afterward. I don't remember us getting any benefits or dollars from anybody to help build this company.

Weber: Well, into the early '90s, but yeah.

Brodsky: Well, that was not the Internet as a commercial product. It was just the Defense Department, and ARPA it's hard to say. I hope we continue to attract young people to our industry. At the beginning it was very hard. One of the hardest things is we tried to make the company more inclusive, but to try to find a female engineer, which there were eight cable companies, only three female engineers. That's a metaphor, and what have you. It was a very tough rock-bound kind of industry, where it took a certain type of person who wanted to get involved with this stuff, which was pretty tough.

I just hope it continues. I have no idea what entertainment will look like 20 years from now, but you can be rest assured people will want to hear stories, see things. No question it'll be a different type of experience. It'll be 3D and whatever. Whatever we do, it has to be without glasses, has to be without helmets and that sort of thing, and it'll probably be that way. But, again, having said that, I think there will always be in one way, shape or form a desire and a need for live sports, live news, and live news being contemporaneous coverage of events that are happening and the-- somehow or other, that's not going to come out of a computer. It's going to be programmers delivering things. They may be interested in the way it's delivered. I mean, right now we can on our X1 technology-- if you're watching a sporting event, you can call up all kinds of statistics and events and then even have it.

We changed, I think, the perception of television when during the last Olympics, NBC and Comcast developed an app on the X1 that we showed every single Olympic event live as it was happening. That had never been even attempted before, wasn't even a thought. So that's just the beginning. Now we have apps on the X1, Netflix, Amazon, this, that. I mean, rather than going to the Internet to watch Netflix, you can watch a much better product on a managed network than on the wild and wooly Internet. So, I think things are heading in that direction, and it'll just continue. Twenty's too long a time frame. I don't buy green bananas, and you're asking about 20 years from now.

Weber: Good <overlapping conversation>. Thank you.

Hancock: Well, sitting here on the 56th floor, it's been such a pleasure to spend the day with you. On behalf of the..

Brodsky: Well, it's great having you folks here.

Hancock: … Computer History Museum, thank you so much.

Brodsky: So please don't take anything the wrong way I love Silicon Valley. Some of my best friends were there, and the people I met there while heading up Comcast Ventures did so much to help shape this company in the early days of all these companies who eventually helped us eBay, Yahoo!, AOL, the VCs, too many to name out there who-- after they gave us three or four dog deals. They understood when I came across the desk and threatened them physically if they don't get a good one. But I'm sure their mothers like them. No. They were great guys, gals. We had some fabulous relations with the Silicon Valley VCs. We all made a lot of money together.

Hancock: Great. Well, thank you so much.

Brodsky: All right. Keep going.

END OF THE INTERVIEW

