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Michael J. Angelakis – Chief Financial Officer & Executive Vice President
Neil Smit – Executive Vice President
Stephen B. Burke – Executive Vice President

Other Participants

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning, ladies and gentlemen, and welcome to Comcast's First Quarter Earnings Conference Call. [Operator Instructions] I will now turn the call over to Senior Vice President, Investor Relations, Ms. Marlene Dooner. Please go ahead, Ms. Dooner.

Marlene S. Dooner, Senior Vice President-Investor Relations

Thank you, operator, and welcome, everyone, to our earnings call. Joining me on the call are Brian Roberts, Michael Angelakis, Steve Burke and Neil Smit. As we have done in the past, Brian and Michael will make formal remarks and Steve and Neil will also be available for Q&A.

With the closing of the NBC Universal transaction on January 28th, we are now consolidating their results and I want to highlight some changes to our earnings materials. First, we are now reporting our results in five segments: Cable Communications, Cable Networks, Broadcast Television, Filmed Entertainment and Theme Parks. Our revised trending schedule provides quarterly and full-year 2010 pro forma results for these five segments as well as pro forma and other consolidated metrics. We hope this level of disclosure will provide a good basis for comparison beginning with today's first quarter results

Let me now refer you to slide number 2, which come contains our Safe Harbor disclaimer and remind you that this conference call may include forward-looking statements subject to certain risks and uncertainties. In addition, in this call we will refer to certain non-GAAP financial measures. Please refer to our 8-K for the reconciliation of non-GAAP financial measures to GAAP.

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

Brian L. Roberts, Chairman, President & Chief Executive Officer

Thanks, Marlene, and good morning, everyone. This is really an exciting time at Comcast and I am delighted to report first quarter results that marked a terrific start to 2011. Cable had an outstanding quarter, and this is our first opportunity to talk about the whole company, including the results of NBC Universal. I really feel we have assembled a world-class management team at both Comcast and NBC Universal and today's results demonstrate the early momentum of our new and dynamic company.

Let me begin with cable. First quarter results show continuing strength in three key areas: financial performance, subscriber growth, and customer service. Total cable revenue was up by 6% and operating cash flow increased by nearly 8%. Subscriber growth was particularly strong in high speed Internet with 418,000 net additions as we continue to gain market share and to significantly outpace the net additions of our competitors.

We are also continuing to put real differentiation between our high-speed service and DSL. In fact, during the quarter, we reinforced this superiority with a new 105-megabit high-speed offering that is now available to more than 40 million homes in many of our major markets.

We are also really pleased with our improving video results. In the first quarter, we lost 39,000 video customers, which is less than half of last year's first quarter, which continues the trend of improving year-over-year video performance while still facing a larger competitive footprint. Growth in voice services continues to be very consistent with 260,000 customer additions, and our Business Services revenues grew by almost 50%. So all in all, financially and in product sales, cable is doing quite well.

Under Neil Smit's focused leadership, we are also executing well and seeing sustainable improvements in our operating performance metrics. Our key network projects like all digital and DOCSIS 3.0 and infinity are almost complete, and these investments together with our initiatives to transform the customer experience are really coming together to produce results. Our customer retention and service metrics are at the best levels since we have been tracking them, including record low churn levels across each of our products, repeat service calls that are at all-time low, and higher customer satisfaction.

Neil's other big initiative is accelerating innovation where we are leading the industry in delivering new products to our customers, not just because we have scale, but because we now have the operational focus and excellence to make the XFINITY experience the best in the country. Just last week, we added the top rated TV series from ABC and Fox to our already extensive on demand line-up of more than 600 TV series, making us the only pay TV provider to offer current TV series from all four major broadcast networks on demand.

This new offering allows our customers to catch up on the most current episode plus the three previous shows for almost all of these TV series any time on demand. It also provides an opportunity for the broadcast networks to reach more consumers through time-shifted viewing and to do so through our powerful on-demand service, which has now delivered more than 19 billion total views and generates about 350 million on-demand views a month from our customers.

Now while we have only been operating the NBC Universal businesses for three months, we're encouraged that we've had a seamless integration with no surprises and a strong start to 2011, including some early successes in synergy among the NBC Universal channels and between NBC Universal and Comcast. Steve Burke has assembled talented and seasoned management teams across each of the businesses with an overarching goal of investing to build long-term value and making NBC Universal the premier destination for content creators.

The performance in the first quarter was led by the 16 national and 12 regional cable networks, which posted strong growth across the board and continued to drive its profitability. Broadcast, as we expected, continued to face challenges and saw its comparisons impacted by items from the prior year such as political advertising and the Olympics. Our Film business had heavy marketing spend in the first quarter ahead of second quarter releases, which impacted its year-over-year comparisons. Theme Parks performed extremely well. So overall, we're generally pleased with NBC Universal's first quarter results.

With this as background, let me give you a sense for how we're looking at these new businesses. Our focus when we announced the transaction and our continuing focus today is on the recurring revenue businesses of the cable networks, which generated more than 100% of NBC Universal's operating cash flow. So we have begun investing even further in the cable networks to continue to strengthen their content offerings and their brands.

As I mentioned, these channels are performing very well, and we believe they will be even better positioned in the future. With the addition of NBC Universal, we now have close to a $10 billion advertising business at Comcast. So even though advertising adds some variability, this new scale along with our mix of local, regional, and national advertising gives us strong momentum, now particularly given the strong ad market, and should provide us longer term opportunities to build new businesses like targeted and interactive advertising.

Film is a business of uneven timing, and some hits and misses. Our early releases in 2011 under-performed plan, but so far in the second quarter, they're doing much better. On the Broadcast front, we're working toward a long-term turnaround, and we need to be patient. We have a new energized management team, which is off to a great start. I'm optimistic about our prospects, but I'm also realistic and know that it's going to take some time to return NBC to industry-level performance.

As I mentioned before, we've had some early successes that validate our belief that we can create real value with our combination of distribution and content businesses. Let me give you some examples.

In Film, Hop and Fast Five opened very big following an unprecedented cross marketing push across both NBC Universal and Comcast. In sports, the Golf Channel on NBC and the NHL on NBC and VERSUS have both put up improved ratings powered by what we think is a smart integration and effective marketing campaigns.

And in Broadcast, maybe the most exciting event for NBC Universal this year has occurred in the last two weeks, with the premier of The Voice on NBC. In addition to being a critical and ratings success, The Voice demonstrated what can be accomplished when every one of NBC properties and the digital assets and Comcast cable come together to support a program.

So as I step back and look across the entire company I see strong recurring revenue businesses with terrific first quarter results and opportunities to build on these businesses. Our competitive position in cable continues to get stronger, and we are leading with XFINITY in innovation. This is indeed a great start for 2011, and we are all really focused on maintaining the momentum.

Let me now pass to Michael to cover the first quarter results in greater detail.

Michael J. Angelakis, Chief Financial Officer & Executive Vice President

Thank you, Brian. Before I begin to review our performance, I want to highlight that this quarter's results are a bit more complicated given the closing of the NBC Universal transaction on January 28th, which means that reported results include only two months of the NBC Universal businesses and include transaction-related costs. On the cable side reported results have also been impacted with the movement of the Regional Sports Networks from cable to NBC Universal's cable networks and Comcast Interactive Media has now moved from corporate and other to cable.

Because of all these ins and outs we will mainly focus today's presentation on pro forma results, which is how management evaluates the performance of the organization and its segments. We believe the pro forma presentation provides a more meaningful comparison of the operating performance of the businesses and also includes the effects of acquisition accounting and excludes certain costs and expenses directly related to the transaction. We have provided substantial transparency and detail on these items in our earnings press release and 10-Q. We hope they are helpful explanations and expect subsequent quarters will be less complicated.

So now let me begin by briefly reviewing our consolidated results, which are not pro forma and start on slide 4. Overall we are very pleased with first quarter results, which reflect the fundamental strength in our cable business and cable networks. These businesses performed well and are executing quite strongly on our 2011 plans.

Our first quarter consolidated revenue, including two months of NBC Universal increased 32% to $12.1 billion, and consolidated operating cash flow grew 14% to $4.1 billion. During the quarter we incurred $107 million of transaction related expenses related to the closing of the NBC Universal transaction. Excluding these nonrecurring costs and $14 million in last year's first quarter, our operating cash flow actually grew 16.6% on a normalized basis.

In addition to revenue and operating cash flow, we remain focused on free cash flow, free cash flow per share and earnings per share as important metrics in evaluating the strength of the company. In each of these key metrics our performance in the first quarter was very strong. Free cash flow for the quarter increased 17.7% to $2.2 billion, primarily reflecting higher operating cash flow from cable and the inclusion of two months of NBC Universal results partially offset by higher capital expenditures. First quarter free cash flow per share increased 17.9% to $0.79 per share.

On a reported basis we generated earnings per share of $0.34 for the first quarter. However, again excluding NBC Universal transaction related costs, our EPS increased 16.1% to $0.36 per share. Please refer to Table 4 in the press release for more detail on these items.

Please refer to slide 5. As I mentioned on previous calls, while we manage and consolidate NBC Universal, we will continue to view Comcast and NBC Universal as two distinct pools of cash flow generation and funding capacity. As you can see on the slide, Comcast, which includes both Cable Communications and Corporate and Other, accounted for $1.8 billion or 80% of total free cash flow, and NBC Universal contributed $437 million in the two months since closing.

At the end of the first quarter we had $40.4 billion of debt on our consolidated balance sheet reflecting the addition of the $9.1 billion from NBC Universal. Our consolidated debt to operating cash flow leverage is now 2.3 times, which is within our target range of 2 to 2.5 times. During the quarter we issued $1.7 billion of commercial paper in order to partially fund the $6.2 billion payment related to the transaction, retire $1.7 billion of debt maturities, and return $787 million to our shareholders through both dividends and share repurchases.

We are executing our 2011 financial plans that we outlined in our last earnings call including a 19% increase to our dividend and this year's planned completion of our existing share repurchase authorization, which now has 1.6 billion remaining. We continue to maintain the strength of our balance sheet and see it as a strategic asset giving us the ability to profitably invest in the operating and strategic needs of the businesses that enhance our competitive position and deliver sustainable organic growth.

Please refer to slide 6 for our pro forma results. As I mentioned, we have substantially increased our level of disclosure to reflect the addition of the NBC Universal businesses into four new segments. In addition, within the press release's trending schedules, our Cable Communications product line revenues now reflect only our Residential businesses as Business Services is now presented as a separate line item.

For the first quarter, pro forma Cable revenue increased 5.8% and represented 68% of our consolidated revenue while pro forma operating cash flow grew 7.7% and represented 90% of our consolidated operating cash flow. NBC Universal revenue declined 11.5% due to the impact of last year's Olympics, and operating cash flow increased 4.9%. On a consolidated basis, pro forma revenue of $13.3 billion was flat compared to last year's results and consolidated pro forma operating cash flow increased 7.8% to $4.2 billion. However, excluding last year's Olympics and the NBC Universal transaction-related costs, first quarter pro forma consolidated revenue increased 6.1%, and consolidated pro forma operating cash flow increased 4.2%. As you can see, during the quarter Cable Communications and Cable Networks generated strong results and drive our overall profitability, accounting for 110% of this quarter's total pro forma operating cash flow.

Please refer to slide 7 to review Cable Communications results. We had another strong quarter of financial and customer growth in Cable. For the first quarter, pro forma Cable Communications revenue increased a healthy 5.8% to $9.1 billion, reflecting growth in our residential businesses and continued strength in Business Services and cable advertising. We have been effective in managing ARPU while driving customer growth.

This quarter, total revenue per video customer increased 9% to $133 per month, reflecting an increasing number of customers taking multiple products and a higher contribution from Business Services. During the quarter, we added 639,000 total video, high speed Internet, and voice customers, equal to an 8.3% increase from last year's first quarter. Similar to the fourth quarter, we showed sequential improvement across all three products, including the lowest video customer loss in almost four years. As a reminder, we are entering the second quarter, which is a seasonally slower period for our businesses due to the number of customers we have in college and vacation areas.

However, as you can see in our first-quarter results, we are executing well as we're competing better with improved products and our focus on retention and customer service has helped drive our churn to an all-time low for all of our products.

As we look at the service categories, first-quarter video revenue increased 1.7% reflecting modest rate adjustments and about one-third of our systems, more customers taking higher level of digital and advanced services, and an increase in premium revenue. We now have 10.4 million high definition and/or DVR customers equal to 52% of our digital customer base.

High speed Internet revenue increased 8.8% during the quarter reflecting rate adjustments, continued growth in our customer base, and an increasing number of customers taking higher speed services. Today, 23% of our residential high-speed Internet customers take the higher speed tiers. Our high speed Internet service is capturing market share and we continue to differentiate our product through service and speed enhancements.

Voice revenue increased 6.5% for the quarter, reflecting steady and continued success with our Triple Play offering. Customers recognize the value of Triple Play and at the end of the first quarter, 34% of our video customers took all three services compared to 30% at the end of last year's first quarter. As I mentioned, we continue to see real momentum in Business Services with revenue increasing 50% in the quarter. Excluding the impact of the Cimco and NGT acquisitions, which were completed in the first quarter of 2010, Business Services revenue grew 45%. We remain very focused and enthusiastic about this area's growth opportunity.

Cable advertising continued to perform well, with first quarter revenue increasing 10.4%. This improvement was again led by strength in automotive, offset by lower political revenue. As a reminder, we generated over $180 million of political ad revenue in 2010 including $100 million in the fourth quarter. Impacting our sequential growth rate and making comparisons more challenging as the year progresses.

Please refer to slide eight to review pro forma Cable Communications operating cash flow. First quarter pro forma Cable Communications operating cash flow increased 7.7% to $3.7 billion, resulting in a margin of 41.3%, an 80 basis point improvement compared to last year's first quarter. Total expenses in cable increased 4.6%, primarily reflecting higher video programming and marketing expenses as well as continued investment to expand the capabilities in Business Services.

Sales and marketing expenses, which have consistently been around 6% of cable revenue for the past year, reflect our ongoing investment in the direct and retail channels. In the first quarter, marketing expenses increased 15.7% as a result of higher retail commissions and an increased overall advertising and media spend including XFINITY branding and the launch of the Endless Fun campaign. We remain very focused on expense management and are constantly evaluating our cost structure to gain more efficiencies.

In the first quarter, we continued to realize cost improvements at our high-speed Internet and voice networks. In addition, bad debt expense was a historically low level as we continued to refine our collection and screening processes. Our focus on improving customer service is also driving more efficiencies and improvements in churn and customer satisfaction.

Please refer to slide nine to review our Cable Communications capital expenditures. In the first quarter, Cable Communications capital expenditures is tracking to plan and increased 15.4% to $1.1 billion, equal to 11.6% of revenue, reflecting higher investments in CPE, network infrastructure, and Business Services. As a reminder, the level of CapEx spend in the first quarter of 2010 was low as we accelerated equipment purchases in the fourth quarter of 2009 to take advantage of favorable tax treatment.

In the first quarter of 2011, we deployed another 2.1 million digital adapters for a total of more than 19 million digital adapters since the inception of the all-digital project. We are now 80% complete with all digital, and we expect to complete this project by the end of this year. During the quarter we also deployed 848,000 advanced high definition and or DVR set-tops as we added 257,000 advanced service customers and added multiple services to existing customers.

As we continue to reinforce our product leadership with high speed Internet, we purchased more equipment to enable faster speeds. Our 50-megabit service is now available in more than 45 million homes or almost 90% of our footprint and as Brian mentioned, we recently launched our extreme 105-megabit service to more than 40 million homes or approximately 80% of our footprint. First quarter CapEx also reflects meaningful investment to support the continued growth in Business Services and to expand our efforts in mid-sized businesses.

Our investment in Business Services increased 57% to $152 million in the first quarter. We are executing our capital plan well, and we continue to expect our full-year cable capital expenditures will be lower as a percentage of cable revenue when compared to 2010.

Please refer to slide ten to review NBC Universal cable networks results. In addition to Cable Communications' strong performance, cable networks delivered strong growth. In the first quarter, cable network revenue increased 13% to $2 billion driven by strength in advertising, which was up 14%, and a 13% increase in distribution revenue. First quarter operating cash flow increased 7% to $817 million as we are reinvesting some of this top line growth into new programming that further strengthens these franchises. We have the opportunity to further improve and grow these networks by strengthening their programming and increasing brand awareness, and our operating cash flow growth and margin reflect some of these investments.

This quarter's results reflect growth in both our established and emerging channels, and we're making terrific progress in integrating the historical Comcast networks into NBC Universal. USA continues to lead basic cable networks in key demos on the success of its original programming. Also we are seeing positive momentum at E! and Bravo, both of which had their highest rated quarters ever. During the quarter we also saw particular strength at our Regional Sports Networks.

Please refer to slide 11 to review broadcast results. Broadcast television revenue declined 35% to $1.4 billion this quarter, reflecting the inclusion of $782 million of revenue from the Vancouver Olympics in last year's results. Excluding the Olympics impact broadcast revenue increased 4% reflecting continued strength in advertising pricing. Broadcast operating cash flow improved $202 million to $20 million this quarter again reflecting the absence of $223 million of losses related to last year's Olympics. Excluding these Olympic losses Broadcast operating cash flow declined $21 million this quarter as a result of the increased investment in programming, particularly NBC's prime time line-up compared to a light original programming schedule in the first quarter of 2010.

As Brian mentioned, we are focused on this challenge and will continue to invest in the NBC broadcast network, a process that started in 2010, in order to build a solid foundation for growth. We are also investing in the NBC local stations to increase and improve our local news capabilities. This focused effort is not a quick fix. We believe this is an important opportunity for us and we'll make operational and financial progress, but the results will take some time.

Please refer to slide 12. Filmed Entertainment revenue declined 8% to $975 million this quarter driven by lower theatrical and home entertainment revenue as a result of the softer box office performance of this quarter's new releases and fewer titles released in DVD compared to last year's first quarter. This was partially offset by higher content licensing revenue from the pay and free TV Windows. Film operating cash flow declined $134 million to a loss of $146 million this quarter due to the revenue decline and substantial marketing spend for second quarter theatrical releases including Hop and Fast Five which were released in April. We are well aware of the challenges and volatility of this segment and are focused on improving performance.

As we switch to Theme Parks, both Orlando and Hollywood parks are performing very well, and revenue increased 16% to $95 million and operating cash flow increased to $41 million reflecting strong attendance and per capita spending at both parks which are benefiting from the success of newly-launched attractions, particularly the Wizarding World of Harry Potter in Orlando and King Kong in Hollywood. Please note that the equity income from the Orlando joint venture is included in Theme Park operating cash flow. It was a significant driver of this quarter's increase in operating cash flow. However, the Orlando equity income is eliminated in NBC Universal Headquarters, Other and Eliminations line, as it is included in equity income for our consolidated reporting purposes.

So as we review the performance of the first quarter of 2011 we feel very good about our operating momentum and focus on execution. Our Cable Communications and Cable Networks businesses continue to perform well and deliver strong operational and financial results. We have a terrific mix of assets, and we're looking forward to executing on the opportunities ahead to deliver long-term sustainable growth and build value for our shareholders.

Now let me turn it over to Marlene for Q&A.

Marlene S. Dooner, Senior Vice President-Investor Relations

Thanks Michael. Operator, let's open up the call for Q&A, please.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] And our first question comes from the line of John Hodulik with UBS.

<Q – John Hodulik – UBS Securities LLC>: Quick ones first on the cable side and then one over on the NBC side. The RGU trends were definitely stronger than we expected this quarter, especially on the video side. Is that a function of churn continuing to come down or better gross adds, and do you think we can get to a situation where we begin to grow the video base again?

And then switching over to NBC, it seems you mentioned it a couple times in the slides, that there's higher spending going on to improve prime time and maybe the profitability of the cable nets. One, is this the level that we should expect in terms of spending to improve things going forward? And or do you expect to spend more than you're doing now over time to catch up to your peers? And is this sort of the main avenue that you expect to pursue to improve the performance of those businesses?

<A – Neil Smit – Executive Vice President>: Hi, John. This is Neil. I'll answer the cable question and then pass it over to Steve for the NBCU question. I think the improvement on the RGUs was due to a number of factors. First off, we're putting out better product. You know, it's more content, better speeds, and I think we're getting a better rhythm of innovation. Secondly would be our service metrics. Brian referred to those. We're really focusing on getting it right the first time and getting higher reliability of our service. So our service calls were down, our repeats were down, and that's taking unnecessary noise out of the system. I think third would be our retention focus. Our churn was at all-time lows, and I think that's due to a number of things.

First, we formed a specific retention channel focus. We formed centers of excellence for retention calls, and we're doing better on the promotional roll-off. I think we're doing better marketing. Our Endless Fun campaign saw double digit increases in the intent to purchase, so we're really marketing better and we're targeting our marketing better. So I think it's due to all those factors. What really drove the total numbers was more retention than it was gross adds, and I think that's healthy for the business both from a sub perspective and a financial perspective. Steve?

<A – Stephen Burke – Executive Vice President>: In terms of investment, there's really two parts: The first part is broadcast, where for many months last year, you had either Leno, up until the Olympics, or repeats. This year with a full year of 10 o'clock shows, you've got an investment there. We also have some other minor investments for a total of about $200 million in increased prime time investment if you look year-over-year.

The real key to turning around NBC is not necessarily the increase in investment. The real key is making better shows. We're making about the same amount of pilots as last year, 21, which is up from two or three years ago, but about the same as last year, and it's really a matter of doing better, and then of course there is $200 million more of investment largely due to having a full-year of 10 o'clock shows as opposed to the Jay Leno Show at 10.

On the cable side, I think we're going to be investing about $100 million more this year on new shows. And the way those new shows – the way the accounting works on those new shoes is those new shows are negative in the year that they launch, and if they're good shows, they tend to be quite positive in subsequent years. So on the broadcast side, about $200 million. On the cable side, about $100 million.

<A – Marlene Dooner – Senior Vice President-Investor Relations>: Thanks, John. Operator, let's have the next question, please.

Operator: Your next question comes from the line of John (sic) [Jason] Bazinet with Citi.

<Q – Jason Bazinet – Citigroup Global Markets (United States)>: Hi. I just have a question for Mr. Smit on the cable side. I guess you guys highlighted sort of the record low churn and you printed very good EBITDA margins on the cable business. Is your sense as the move rate begins to accelerate, do you anticipate that sort of creating more activity in the cable side of the business and could it sort of crimp EBITDA margins? In other words, do you think these are sort of peaky margins based on low levels of activity throughout the ecosystem? Thanks.

<A – Neil Smit – Executive Vice President>: Hi, Jason. It's Neil. I think that as the move picks up, I see that generally as a positive. I think that if we're executing well and marketing well on the product side, we've got better product on the HSI side, our video product we're innovating better, I see it as a positive opportunity. I think generally speaking we haven't seen that activity level pick up yet, but I think we're well prepared on the move side and on the marketing side to capitalize on it when and if it does happen.

<A – Marlene Dooner – Senior Vice President-Investor Relations>: Thanks, Jason. Let's go to the next question, please.

Operator: Your next question comes from the line of Doug Mitchelson with Deutsche Bank.

<Q – Douglas Mitchelson – Deutsche Bank Securities, Inc.>: Thanks so much. One for Neil and one for Steve. With regards to the lower churn levels, Neil, I'm wondering if there's a noticeable difference in subscriber and revenue performance in the early all digital conversion markets versus the more recent ones? So in other words, is there potentially more improvements to come as the later XFINITY markets get up to speed?

And the question for Steve, I'm just hoping on willingness to invest in sports, you could give us your philosophy. ABC got rid of NFL football, and it didn't hurt the network at all, and 250 million of annual losses were eliminated. So to the extent we're seeing press reports suggesting an aggressive posture for bidding on the Olympics, I just wanted to understand what the philosophy might be in terms of taking the risk of losing money on that contract again. Thanks.

<A – Neil Smit – Executive Vice President>: Doug, I'll answer the first one and then pass it over to Steve. I think generally speaking our all-digital markets do perform better than our markets where we don't have it in. Keep in mind that all digital we now have across 80% of our footprint. And I think the reason for that is we've got more HD. We've got 150 HD. We've got 25,000 VOD choices, our XFINITY TV 150,000 choices, so we've got more content and better content. And I think therefore those markets generally perform better. Steve?

<A – Stephen Burke – Executive Vice President>: Well, in terms of sports, I would start by saying we're in business to make money, and our approach is going to be disciplined. There will be instances where we get deals or renew deals, as was the case recently with hockey. There will be instances where we go as far as we feel we should go, and someone else gets the rights, which appears to be the case with the Pac-12. And as it relates to the Olympics or the NFL, we think those are two fantastic properties and would love to have them, but would like to make money. And there are a variety of ways you can make money: advertising or investing in a cable channel that would allow you to get increased advertising or increased affiliate fees, but at the end of the day, we're not going to do anything that doesn't have a business plan that pencils out to a positive NPV.

<A – Marlene Dooner – Senior Vice President-Investor Relations>: Thanks, Doug. Operator, let's have the next question, please.

Operator: Your next question comes from the line of Jessica Reif Cohen with Bank of America Merrill Lynch.

<Q – Jessica Reif Cohen – Bank of America Merrill Lynch>: Thanks. I guess I'll follow everyone's path and ask cable and NBC questions. On the cable side, can you give us a sense of where you are in terms of ramping up for the mid-sized markets? And I know everybody has mentioned how much churn has come down, but can you say what churn is across the different product categories?

And then for NBC Universal, Steve, I was hoping you could address top priorities besides the fundamental improvement in programming. Like there seems to be a lot of integration between the divisions, which wasn't there before. Where are you on international? If you can just give us your overview, that would be great.

<A – Neil Smit – Executive Vice President>: Hi, Jessica. I think on the mid-size, we're in the early stages of ramping. A lot of our growth has come from the small and medium, as you know. We're now getting into the Metro-E business. We have launched PRI across 90% of our footprint, and our cell backhaul business is ramping nicely. The Metro-E, I think we see that overall mid-size market as about the same size as our SMB market, and the Metro-E, we're in 11 of 19 markets. We've got the sales force in place. We've got the operational aspect of it improving. We're trying to reduce the install times. On the PRI, it's beginning to sell very nicely. It's a great product, good value for our customers, and we increased our cell backhaul towers by about 80% last year. So that business is – it's incremental complementary business and it's going very well.

With regards to churn, we generally don't disclose churn. I can tell you, though, some of the steps we have taken on churn which I mentioned previously, but we have improved our credit screening, and we've got much more focused credit screening, a mix of both our financial and our marketing teams have really come up with a very methodical way of doing that, and we're focusing more on how we handle every call and every promotional roll-off, and we index generally higher. We reduced the number of high-value customers we're losing, which has had a really positive effect on the financials. Steve?

<A – Stephen Burke – Executive Vice President>: In terms of priorities, Jessica, I think you'd start with the cable channels. Brian mentioned in his introduction we have 16 national cable channels and a dozen Regional Sports Networks, and these are fantastic properties. And we have said this before. What we really bought when we did the deal for NBC Universal was a bunch of very, very well run, very strong cable channels. So I think priority number one is to make sure that those channels continue to get the investment they need and continue to grow at the kind of high growth rates they have been. And I really want to highlight how great we feel about those channels now that we're inside the building, as it were.

Second big priority, we think the broadcast business has tremendous upside for this company. We are under-performing relative to the other three of the big four, dramatically, many hundreds of millions of dollars worse than the other three, both on the network side and the broadcast station side. And we look at that as a tremendous opportunity. You want to always sort of soften that optimism by the realization that it is a very tough business to turnaround, and I think it is likely to take us a number of years to turn it around. But when we do, going from fourth to third would be hundreds of millions of dollars of swing, positive swing in terms of EBITDA, so that is obviously a very high priority.

We're going out to see Bob Greenblat's first bunch of pilots. Brian mentioned The Voice, which I think we have been very fortunate the last two weeks. We may have a big building block that we can put in place and build on with some other pilots. But we're very optimistic but tempered by the acknowledgment that it's going to be a multi-year process. But we think it's a big opportunity. I haven't even mentioned retransmission consent and some other things that are on the horizon there.

We also have a variety of opportunities and sort of priority investment areas in other parts of the business. Telemundo we think is a real opportunity area. International you mentioned, Jessica. Digital. Just the sheer expanse of properties that we have and the ability to get those properties moving more quickly than they have been, we think is a real opportunity.

And then finally having the company work together as one unit. We have a saying that we're better together, and what we're really trying to do is make sure that when we have significant priorities like The Voice or a movie like Hop, that the entire company gets behind it, both the NBC Universal side and very importantly the Comcast side, and that's having all sorts of activities that really focus people in what is otherwise a very fragmented universe on one or two things, and we think that's going to be a big key to our success in the future.

<A – Marlene Dooner – Senior Vice President-Investor Relations>: Thanks, Jessica. Next question, please.

Operator: Your next question comes from the line of Jason Armstrong with Goldman Sachs.

<Q – Jason Armstrong – Goldman Sachs & Co.>: Hi, thanks. Good morning. Couple questions on cable. First, any lumpiness in programming cost trends that we should be thinking about over the course of the year?

And then I guess second on commercial, there's been a little bit of a realignment of the competitive universe this past quarter, I guess. Traditional incumbents inquiring – acquiring into managed services capabilities. We've seen NaviSite, Terremark, Savvis all being taken out by peers. How do you gauge sort of the change in competitive landscape here? Are these moves where everyone has to follow and do something and acquire into this capability set, or do you think you can build into this organically? Thanks.

<A – Neil Smit – Executive Vice President>: Hi, Jason. I'll cover the first question and pass it to Michael for the second. I think on the programming front, there is nothing unusual this year that you should be expecting. There's always some lumpiness in the programming business, and it's kind of depending on the renewal of the contracts and the term on those, but nothing unusual this year versus previous years of what you're seeing. Michael?

<A – Michael Angelakis – Chief Financial Officer & Executive Vice President>: I would say on the commercial side, obviously we watch what's being done. We have great opportunity on both the small side and the medium side. I think we have talked about that at length in terms of how large those opportunities are and what our existing market share is. So I think our team is totally focused right now on executing, and executing both that growth in profitability ramp and obviously we're looking at things, but from our standpoint, we think the real focus is on executing the business plan in front of us on both the small side and medium size of the business.

<A – Marlene Dooner – Senior Vice President-Investor Relations>: Thanks, Jason. Let's go to next question, please.

Operator: Your next question comes from the line of James Ratcliffe with Barclays Capital.

<Q – James Ratcliffe – Barclays Capital, Inc.>: Good morning, folks. Thanks for taking the question. I'll follow the pattern, one on cable and one on NBCU. On the cable side, can you talk a little bit about any impact versus last year in terms of customers who were on promo plans from the digital transition in '09 who left in early '10 when it actually started to actually pay full price for it? And also whether you're seeing any trends in occupancy rates in your homes and if that's helping to drive the video take or if it's purely a share issue?

And secondly on NBCU, can you talk a little bit about how – you said just strategically complete, but in terms of thoughts on acquisitions, how you look at other potential assets that might be in the marketplace and how you decide whether or not those fit with the portfolio? Thanks.

<A – Neil Smit – Executive Vice President>: Hi. I'll take the first one, and I'll pass to Brian for the second one. On the promotional roll-off, there's nothing really different we have seen. There's always some customers, a percentage of customers on promotion. I think what's really helped our churn is we're getting more focused on how to manage the promotional roll-offs and how we step customers and how big the step is from a price perspective for them. So we're just more disciplined about that.

I think on the occupancy front, there's nothing really different we have seen. The trends seem to be fairly similar to what they have been in the previous quarters. So but we continue to monitor that closely and hope for an uptick there. Brian?

<A – Brian Roberts – Chairman, President & Chief Executive Officer>: I think first and foremost, we have a lot on our plate. We're very focused. I'm thrilled with how seamless the integration appears to have been. I give Steve tremendous credit. But I think we still have a lot of work to do, and we know it. And secondly I think we're disciplined. And everything that we look at has to go through primarily a focus on, you know, is it going to be a great return for our shareholders and better than other alternatives? And but I think we're very focused on what we've got, and I'm pleased it's such a good start.

<A – Marlene Dooner – Senior Vice President-Investor Relations>: Thanks, James. Operator, let's go to the next question, please.

Operator: Your next question comes from the line of Stefan Anninger with Credit Suisse.

<Q – Stefan Anninger – Credit Suisse (United States)>: Hi. Good morning. Thanks for taking my question. I have one and then Spencer here has a follow-up. We'll ask them both now and then you can answer. One of the largest telcos recently mentioned on its first quarter call that it was not pleased with its performance in the SME segment. Given that commentary, do you expect to see a competitive response to your success in that business, and what might that look like?

<Q – Spencer Wang – Credit Suisse (United States)>: And maybe just for Steve, two quick questions: The first is a cable networks the affiliate revenue growth was really strong at 13% in the first quarter. I was wondering if you think that's sustainable for the balance of the year and any thoughts you may have heading into both the broadcast and cable upfront in terms of your expectations would be great. Thanks.

<A – Michael Angelakis – Chief Financial Officer & Executive Vice President>: Hi, on the SME space, Stefan, I think we haven't seen any really significant changes to the trends. We offer good value. I think our advertising has been very effective. Kind of look at your bill. And the trends, we have ramped the business very nicely. We have – some of the things we have done recently is we have consolidated call centers, so we're getting more focused on how to handle a call and how to improve close rates there. But in terms of trends there, I haven't seen any notable changes.

<A – Stephen Burke – Executive Vice President>: In terms of the cable affiliate growth of 13%, I think that will come down slightly but still be quite strong and not all that far off that number for the year.

And in terms of the upfront, I think most people that you talk to who study the business would say that they feel both on the broadcast and the cable side it is going to be a very strong upfront. We're in an extremely strong scatter market, and the pattern I think is very similar to what you see at this point when the economy comes out of a tough recession which I think should bode well for the upfront both on the broadcast and the cable side.

Interestingly, when we did all of our projections for NBC Universal, we assumed an advertising market that would be much lower than it was in 2010 and 2011 and looks like it will be in 2012. So I think our timing in terms of where the advertising market is was quite fortuitous.

<A – Marlene Dooner – Senior Vice President-Investor Relations>: Thanks, Stefan and Spencer. Let's go to the next question, please.

Operator: Your next question is from the line of Craig Moffett with Sanford Bernstein.

<Q – Craig Moffett – Sanford C. Bernstein & Co., Inc.>: Hi. Good morning. Two questions, both on the NBC side. First, can you break out the performance within the broadcast group of the national network versus the local station group and talk about your expectations for re-trans?

And then second, if you could provide some color on how you think about Universal Orlando and the potential transaction there.

And actually if I could squeeze in just a housekeeping question also, how do we think about cash taxes going forward given accelerated depreciation under the stimulus and the tax benefits of the deal?

<A – Douglas Mitchelson – Research Analyst>: Okay. It's Michael, Craig. Good morning. I think I'll take those. You know, we're not breaking out the O&Os at this point. We thought that we provided quite a bit of disclosure. Maybe at future dates we'll talk about it, but I think right now we've nailed what the segments are going to do, how the segments will look, and I think most folks are quite comfortable with that. Again, in the future we may talk a bit more about it, but these are relatively small businesses.

With regards to Universal Orlando, just to level set, think that everyone knows that we have a 50-50 joint venture with Blackstone. Blackstone has been in that transaction for a number of times and has exercised a trigger. We haven't made any decisions at all. We have – we will make a decision probably in another month or so. The business is well managed. It's growing nicely as you can see from the numbers. But I just want to make sure folks are aware that when we do make a decision, strategically it will be the right one for us, and financially it will be attractive. So I would just say stay tuned on that.

With regards to cash taxes, we will benefit substantially on cash taxes this year due to the bonus depreciation. You'll start to see some of that in the next quarter and through the rest of the year. Cash taxes doesn't play a role in the first quarter, but it will in the second, third, and fourth quarter, so there will be quite a meaningful benefit in 2011 related to bonus depreciation.

<A – Marlene Dooner – Senior Vice President-Investor Relations>: Thanks, Craig. Operator, let's go to the next question, please.

Operator: Your next question comes from the line of Marci Ryvicker with Wells Fargo.

<Q – Marci Ryvicker – Wells Fargo Advisors LLC>: Thanks. There's been a lot of M&A in the trade press particularly related to cable assets, so can you comment on your desire to get bigger in cable as well as your ability to get bigger in cable given your current size and the fact that you just closed on NBCU?

And secondly, any thoughts on OVDs, Netflix, et cetera? Do you see one business model being better than any others?

<A – Brian Roberts – Chairman, President & Chief Executive Officer>: Let me take a crack. This is Brian. And, Michael, feel free to add. You know, we're not currently engaged in any activity on the systems that have been reported. They're in different markets than we are. But generally speaking, I would stand by the answer that I gave earlier on the call, which is think I think we feel really good about the company we've got. We've got a lot on our plate. You know, you can't look at any one business and not have a very financially disciplined approach to anything you do there. So I think we are very much have a plan for 2011 and beyond, and we want to go out and execute it.

Regarding Netflix other OVD business models, I defer to them to talk about their companies. I think we should focus on what we're doing. We have a fantastic high-speed data business. I just want to underscore, it hasn't really come up on the questions, in my opinion, a lot of discussion on the video side of business and a great quarter there, but for me to have more than 100% net add growth rate in the first quarter versus first quarter of last year tells you something very exciting is happening in that space, and I think the team is doing a great job with the XFINITY high speed data service. And I think it also presents business opportunities for us on the NBC side and the NBC Universal side in terms of re-purposing existing content.

At the same time, we've been able to stretch our On-Demand library by having catch-up, which I think is a breakthrough kind of product where you know as a viewer, and part of it is trying to create a sense of expectation that if there's a top show on television starting the next day, you can get it On-Demand, and you can catch up if it's a new show you discover, you've got all the four episodes that are most current.

So a lot of progress, and I think by having the mix of assets we have, we're in a wonderful position to benefit as the world changes, and some of that change won't always be great for one piece of the company, but overall in the totality of the Comcast shareholders, I think we're extremely well positioned as the world continues to evolve.

<A – Marlene Dooner – Senior Vice President-Investor Relations>: Thanks, Marci. Operator, let's take the last question, please.

Operator: Your final question is from the line of Ben Swinburne with Morgan Stanley.

<Q – Benjamin Swinburne – Morgan Stanley & Co., Inc.>: Thank you. Good morning. Neil, do you think you're taking flow share in broadband? I don't know if you have any stats for us for Q1. And ARPU growth was very nice at 2%-ish. I wonder if you think that is sustainable or even gets better when you look at the mix shift within cable modem.

And then for Steve, just a clarity question around the programming cost increases, the $200 million and the $100 million. Was that for Q1, or is that for the year? And if it's for Q1, should we just sort of annualize it as we look out through the year? And are there any cost synergies that you're looking at?

<A – Michael Angelakis – Chief Financial Officer & Executive Vice President>: Let me just clarify, that's for the calendar year. This is Michael. Just to make sure we're all clear, the $200 million and $100 million is for calendar year.

<Q – Benjamin Swinburne – Morgan Stanley & Co., Inc.>: Perfect. Thank you. And, Steve, then if I can maybe throw in cost synergies. And also on the film side, that's a business that I think a few years ago was thrown off $700 million, $800 million of EBIT, but obviously there have been structural changes in home video. How do you think about the size of the slate there? Does it make sense to keep making as many movies as Universal has been making in the past?

<A – Stephen Burke – Executive Vice President>: Okay. So the $200 million and $100 million, as Mike mentioned, is full year, and that will come in a lumpy fashion. Some quarters will be slightly higher than others as we launch new shows.

As it relates to the film business, we think the size of the slate is about right. This quarter actually was more negatively affected by the fact that we launched a bunch of big films at the end of the quarter and in April, most notably Hop and Fast Five. So the negative number in this quarter was primarily driven by that. But we did have some softness in the slate before we hit Hop and Fast Five, which obviously is a big hit. We're well aware of the challenges in the film business and the fact that the DVD business has declined and that's responsible for part of our fall, but part of it is we need to make better films, and that's a real area of focus for us as well.

In terms of cost – in terms of cost synergies, there's a lot of ins and outs, and there have been some minor areas of overlap where we have eliminated some positions, but basically the assets are complementary, and most of the focus has been on ways to grow them.

<A – Neil Smit – Executive Vice President>: On the HSD side, Ben, we are indexing higher than last year. As Brian mentioned, we're indexing at about 104%, 105%. And it 2010 it was a similar trend. We indexed at about 104%. The industry indexed at about 83%. So we are gaining share. I think the good thing about that is we're also increasing ARPU. Our ARPU is up 3.6% this last quarter.

I think we're doing a good job. The team has done a really nice job targeting DSL households, and we have clear product superiority. We're investing in product. A number of the platforms that Steve rolled out, like DOCSIS 3.0, we're now in 88% of our footprint. We have rolled out 105-meg, as Brian mentioned, to 40 million homes, 50 million – almost 50 million homes for 50-meg. So we're really investing in product, and we're going to continue to do that.

Marlene S. Dooner, Senior Vice President-Investor Relations

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

Operator: Thank you. And there will be a replay available of today's call starting at 12:30 p.m. Eastern Time and will run through Wednesday, May 11th, at midnight Eastern Time. The dial-in number is 800-642-1687 and the conference ID number is 54329300. A recording of the conference call will also be available on the company's website beginning at 12:30 p.m. Eastern Time today. This concludes today's teleconference. Thank you for participating. You may all disconnect.