CMCSA reported 1Q16 adjusted EPS of $0.84.
CORPORATE PARTICIPANTS

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Brian Roberts  Comcast Corporation - Chairman & CEO
Mike Cavanagh  Comcast Corporation - Senior EVP & CFO
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PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to Comcast’s first-quarter 2016 earnings conference call. (Operator Instructions). Please note that this conference call is being recorded. I will now turn the call over to Senior Vice President Investor Relations, Mr. Jason Armstrong. Please go ahead, Mr. Armstrong.

Jason Armstrong  Comcast Corporation - SVP of IR

Thank you, operator, and welcome, everyone. Joining me on this morning’s call are Brian Roberts, Mike Cavanagh, Steve Burke and Neil Smit. Brian and Mike will make formal remarks and Steve and Neil will also be available for Q&A.

As a reminder, because of the FCC’s anti-collusion rules for the Broadcast incentive auction, we cannot discuss or answer any questions related to the auction or spectrum today. Nor will we be commenting about recent rumors or speculation about any M&A transaction.

As always let me now refer you to slide number 2, which contains our Safe Harbor disclaimer, and remind you that this conference call may include forward-looking statements subject to certain risks and uncertainties.
In 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 turn the call to Brian Roberts for his comments. Brian?

Brian Roberts - Comcast Corporation - Chairman & CEO

Thank you, Jason, and good morning, everyone. We are off to a great start in 2016. We increased revenue and operating cash flow in the first quarter while continuing to prudently invest in the businesses to further strengthen our competitive position and drive growth.

I believe our cable business is really differentiating itself, fostering real innovation that is translating into the strong momentum you see in these results. We are demonstrating notable improvements in customer service, investing to put the industry’s fastest Wi-Fi in homes and to be the first to bring customers widespread access to gigabit speeds through DOCSIS 3.1 technology. And, with X1, delivering a platform and a breadth of content that is unrivaled.

As this quarter once again shows, our customers are responding to all of this. We increased our customer relationship growth by 36% from the first quarter of 2015 and now have achieved 50% penetration of our homes passed.

We added 53,000 video customers in the quarter making us video net add positive over the past 12 months. This important milestone has eluded us for nearly a decade and we have now accomplished it within the context of an unprecedented pace of change in this industry including the steady drumbeat of new competitors and new offers.

Our voice remotes are the latest example of how we are differentiating ourselves in the market. In a short period of time we have deployed 6 million of these new remotes thanks to Tony Werner and his technology team’s great customer experience we are getting wonderful feedback from our customers already.

We added another 438,000 broadband subscribers in the quarter, the best first quarter we have had in four years. Much like our improvement in video, the progress we are making is largely a result of improvements in churn. We are upping speeds, delivering best-in-class Wi-Fi access and investing in more ways to add value to our customers. As a result they are staying with us longer.

Business services delivered another excellent quarter with revenue growth of nearly 18%; this growth comes with very attractive margins for us, as you know. We continue to take share in small business and bring new competition and choice for midsize businesses as well as enterprise customers.

Just as important as our strong service and subscriber metrics, Neil and the team are demonstrating terrific balance driving revenue per customer relationship forward at a healthy clip along with solid operating cash flow growth.

Over at NBCUniversal Steve and his team delivered another strong quarter; operating cash flow increased by 10% benefiting a particularly strong performance in Broadcast and our recent acquisition of Universal Studios Japan.

Our TV business has performed well and had some good momentum. The advertising environment remains robust which we believe sets up Linda Yaccarino and her team for a strong upfront. This year we are unifying the upfront for NBC Broadcast, Telemundo and Cable Networks reflecting the way we go to market as a strong and comprehensive portfolio. We feel great about our position which will be strengthened as we now add Thursday Night Football to go along with an already strong list with sports properties.

Speaking of strong sports properties, we recently surpassed $1 billion in national advertising sales for the Rio Olympics achieving this milestone far earlier than the London Olympics. This is a very promising result which reinforces our view of the attractiveness of this event.

Meanwhile MSNBC continues its impressive performance with its best ratings in three years in prime time up over 100%. Andy Lack and the news team are doing a wonderful job with the news organization, particularly through the early stages of this election cycle.
In our Theme Parks we are delighted about our trajectory, the momentum that we have created and our roadmap with new investments and new attractions and additional hotel room capacity. Universal Studios Japan set attendance records in its just ended fiscal year and performed well in our first full quarter of ownership.

Additionally, we just launched Harry Potter at Universal Hollywood and we expect it to follow the strong success we've seen with our other Potter attractions.

We have got a unique and wonderful set of assets which provides Comcast NBCUniversal with many opportunities. All of this will be on display this summer when we put the full weight of the Company behind the Olympics.

I am amazed at what we've accomplished in a short period of time as a combined Company just five years in and I think we are not only five years wiser and stronger but really better together. We are confident we remain on the right path to creating value for our customers and shareholders; I couldn't be more excited about our future. Mike, over to you.

Mike Cavanagh - Comcast Corporation - Senior EVP & CFO

Good morning, everybody. Let's go right to the first quarter on slide 4 and cover the key financials. Overall we delivered consolidated revenue growth of 5.3% and operating cash flow growth of 6.9% for the first quarter.

At Cable the primary drivers of growth were high-speed data, video and business services while NBCUniversal's results were driven by Broadcast, Cable Networks and Theme Parks, which was positively impacted by the inclusion of Universal Studios Japan.

Moving down the income statement, adjusted earnings per share for the first quarter was $0.84 a share, a 6.3% increase compared to a year ago. Free cash flow was $2.8 billion in the first quarter, a decline of 11.9%, while free cash flow per share declined 8.8% to $1.14.

We will go into greater detail on these results on slides to come, now let's review the results of our businesses in more detail starting with Cable Communications on slide 5.

Cable Communications delivered a solid first quarter. Revenue increased 6.7% to $12.2 billion as we increased customer relationships and grew total revenue per customer relationship by 4% to $146 per month. We added 269,000 customer relationships, a 36% improvement in net adds compared to last year's first quarter driven by growth in two product and three product customers and a reduction in churn across all products. In fact, video and high-speed data have each improved churn for 26 consecutive months.

High-speed Internet continues to be the largest contributor to overall cable revenue growth. Revenue increased 7.6% to $3.3 billion in the quarter reflecting strong customer growth, customers subscribing to higher levels of service and more modest rate adjustments compared to the prior year. Customer growth was strong as we added a combined 438,000 net data customers in the quarter, which includes residential and business customers.

We continue to differentiate and improve our product by increasing our speeds on existing tiers, as well as offering the fastest in home Wi-Fi with our advanced wireless gateways. At the end of the quarter 77% of our residential customers received speeds of 50 megabits per second or greater and have one of our wireless gateways, both up significantly from the prior year.

Video revenue remained healthy increasing 3.9% to $5.5 billion in the quarter, primarily due to rate adjustments as well as customers subscribing to additional services including premium channels, HD DVRs and additional outlets. We added a combined 53,000 net video customers, our best first-quarter result in nine years driven primarily by another quarter of improved churn.

We continue to make great progress rolling out X1 to new and existing customers adding 1.1 million customers in the quarter, a 53% increase in net adds compared to last year. Nearly 35% of our total video customers have X1 which we believe is a real competitive differentiator. Coupled with the X1 technology is the breadth of content we offer customers both on demand and with the compelling TV Everywhere offering.
On X1 86% of subscribers are using XFINITY on-demand monthly viewing 25 hours a month on average. And 42% of subscribers are using our mobile TV Everywhere platforms monthly, up 32% from last year, viewing seven hours a month on average. We think this adds great utility to our video service.

Rounding out our residential products, voice revenue declined by 1.1% to $896 million in the first quarter as customer additions were offset by a modest decline in ARPU. In the first quarter we added a combined 102,000 net voice customers, up 33% versus a year ago.

Now let’s turn to business services, which continues to deliver excellent results. Revenue increased 17.5% to $1.3 billion with the small business segment accounting for about 75% of our revenues and 60% of our growth. Revenue for the midsize business segment is growing at a faster rate than the small business segment, increasing its contribution as a percentage of total business revenue. Overall business service has positive momentum and continues to represent a large and attractive growth opportunity for the Company.

Finally, cable advertising revenue increased 12.1% to $559 million. Excluding political revenue our cable advertising revenue increased 7.6% in the first quarter.

Turning to slide six, first-quarter Cable Communications operating cash flow increased 5% to $4.9 billion resulting in a margin of 40.1% compared to 40.7% in the first quarter of 2015 driven by higher expenses primarily related to increases in programming costs and the investments we are making to improve the customer experience.

Programming expenses grew 9.4% reflecting programming contract renewals as well as higher retransmission consent fees and sports programming costs. As we have noted before, when we negotiate programming deals we continue to value expanded content rights for our On Demand and TV Everywhere platforms. We continue to add more content out of home rights, stacking rights and back seasons which helps ensure we have the most compelling and competitive video product on the market.

Non-programming expenses increased 6.9% reflecting our planned investment to improve the customer experience and to continue the rollout of X1. We have added technicians and service personnel, strengthened our dispatch teams and operations and invested in training, tools and technology. As a result technical and product support costs grew 6.3% and customer service expenses increased 8%.

We continue to expect our 2016 cable operating margin to be flat to down 50 basis points compared to 40.6% in 2015 as programming and other expense growth should be offset by modest rate adjustments, growth in high-margin businesses like high-speed data and business services, and continued overall cost discipline.

Keep in mind for the second quarter we face tough comparisons to last year's hugely successful Pacquiao versus Mayweather fight on pay-per-view. However, growth in high-margin political advertising revenue should provide more significant support for margin in the back half of the year.

Now let’s move on to NBCUniversal’s results. On slide 7 you can see NBCUniversal delivered solid results in the first quarter as revenue increased 3.9% and operating cash flow increased 10%. Adjusting to include the acquisition of Universal Studios Japan in last year’s results, pro forma revenue was relatively flat and operating cash flow increased 1.8%, more than offsetting the difficult comparison to a profitable Super Bowl and our strong film results last year.

This quarter’s growth was driven by strong TV results fueled by higher retransmission and affiliate revenues and the underlying strength of the advertising market.

Cable Networks’ revenue increased 4% and operating cash flow increased 6.4% to $956 million reflecting higher distribution revenue, strong ad revenue given the best advertising market we’ve seen in some time, and a modest increase in programming and production costs.

Distribution revenue increased 5.9% driven by contractual rate increases and contract renewals, partially offset by a slight decline in subscribers at our Cable Networks.
Advertising revenue was flat compared to the first quarter of 2015 which included a benefit from a reduction in deferred advertising revenue. If we exclude this benefit advertising growth would have been about 4% driven by strong pricing partially offset by audience rating declines at our Cable Networks.

At Broadcast Television, while revenue declined 7.3%, we delivered outstanding operating cash flow growth of 56.5% even with the profitable Super Bowl included in last year’s results. This growth was driven by a few factors.

First, the underlying strength of the advertising market. Excluding the Super Bowl advertising revenue increased 9.6% reflecting strong scatter pricing as well as one additional NFL game compared to last year’s first quarter. Excluding the extra NFL game, advertising growth was still up high-single-digits.

Second, strong retransmission revenue growth was driven by recent step ups.

And last, programming and production costs were lower compared to last year which included not only the Super Bowl but also more expensive prime time programming due to series finales.

Film revenue declined 4.3% and operating cash flow declined 43.1% to $167 million reflecting the difficult comparison to last year’s strong film performance. Most notably, theatrical revenue declined 36.4% compared to last year’s first quarter which included the very successful Fifty Shades of Grey.

In addition, home entertainment revenue declined 24.4% due to the strong performance of several releases last year including Lucy. Partially offsetting this lower revenue was higher content licensing revenue and strong consumer products growth due to the Minions and Jurassic franchises.

Theme Parks’ revenue increased 57.5% to $1 billion and operating cash flow increased 53.6% to $375 million in the first quarter of 2016. On a pro forma basis revenue increased 9.6% and operating cash flow increased 3.3%. These results reflect the timing of spring break this year, stable guest attendance and higher per capita spending, partially offset by an increase in operating expenses including pre opening costs to support Harry Potter in Hollywood and The Flying Dinosaur in Japan.

Now let’s move to slide 8 to review our consolidated segment capital expenditures. Consolidated capital expenditures increased 9.2% to $1.9 billion in the first quarter. At Cable Communications, capital expenditures increased 9% to $1.6 billion for the quarter, equal to 12.9% of cable revenue versus 12.6% in the first quarter of 2015.

The increase reflects a higher level of investment in scalable infrastructure to increase network capacity and an increased investment in line extensions as well as higher spending on customer premise equipment related to the deployment of the X1 platform and wireless gateways. Also included in each of these growth rates is the continued expansion of business services.

In 2016 we will continue to invest in each of these areas as they are driving positive results in our business. For the full year we continue to expect capital intensity to remain flat in 2015 at approximately 15%.

At NBCUniversal first-quarter capital expenditures increased 10% to $295 million driven by the inclusion of Universal Studios Japan. We continue to expect NBCUniversal’s CapEx to increase approximately 10% this year.

I will now finish up on slide 9. As I mentioned earlier, consolidated free cash flow declined 11.9% to $2.8 billion in the first quarter reflecting growth in consolidated operating cash flow offset by increased working capital as well as higher capital expenditures and cash paid for capitalized software and other intangible assets.

We are successfully executing our plans for returning capital to shareholders including dividend payments during the quarter totaling $611 million, up 6.9%, and share repurchases of $1.25 billion in the quarter which are tracking to our $5 billion annual target. We ended the quarter right at 2 times net leverage, in line with our stated target.
That concludes our summary of the quarter. I hope that everyone now has a good sense for how pleased we are with our results as well as our momentum. Now I will turn it back to Jason to lead the Q&A.

**Jason Armstrong - Comcast Corporation - SVP of IR**

Thanks, Mike. Regina, let’s open up the call for Q&A, please.

**QUESTIONS AND ANSWERS**

**Operator**

(Operator Instructions). Ben Swinburne, Morgan Stanley.

**Ben Swinburne - Morgan Stanley - Analyst**

Neil, the customer metrics obviously speak for themselves. I am just wondering if you could spend a minute talking about the kind of churn versus connect dynamic and how much of an opportunity is there to continue to bring churn down? For example, if X1 goes from 30%-odd to 60%, is that going to continue to drive churn lower? Is there anything you are thinking about to drive connects up as you think about segmenting the market that maybe you guys aren’t doing today?

And then Mike, on the non-programming cost growth which are called out as 7%, is that the kind of investment you need to sustain this top line? Or should investors think that there should be some leverage in that broad cost bucket over time? Thank you.

**Neil Smit - Comcast Corporation - Senior EVP, Comcast Cable President & CEO**

Hi, Ben. I will speak to connects and churn. Connects have been strong, I didn’t want to say that the churn is the only driver here. We have had strong connects and they are driven by good segmentation of the market. We are segmenting different customer bases. We are rolling out great products -- X1, 35% of the customer base now as well as the voice remotes.

I mean, we got 160 million commands on the voice remote in March so we are seeing great usage there. We are -- the customer experience we spent a lot of time on and I think that is helping churn. X1 is helping churn. And I think also we have developed new sales channels like Amazon we are announced earlier this quarter. So I think it is a combination of driving connects and reducing churn.

The churns went down for 26 consecutive months, as Brian mentioned, and I see that trend continuing. I think we are doing the right things in the customer experience, we are doing the right things on the product side, and we are doing the right things on the channel development side. So I see positive -- good trends continuing.

**Mike Cavanagh - Comcast Corporation - Senior EVP & CFO**

And I will just follow on that, I mean we are -- on the investment and expense, I mean we are just going -- playing offense following the growth and progress that we are making. But it is all success based. So we’ll keep doing what we are doing behind customer service, product, technology and you have seen that in the non-programming side. But we will get leverage over time as the customer service experience settles down, but we are not giving guidance today, Ben.
Thank you both.

Craig Moffett, MoffettNathanson.

Brian, a question for you. I know you can't talk about M&A specifically, but maybe more broadly, it is now been about seven years since -- or getting on to be seven years since you first stepped in for NBCU.

I wonder if you could just reflect on how you see the relative values of content and distribution. And how you see the relative negotiating leverage of content and distribution as we see more of these kinds of programming disputes like the one that DISH just had with Viacom?

Well, first of all it has been five years since we closed NBCUniversal and it has been a wonderful experience in all regards and exceeded our expectations in almost every business and we've talked a lot about that.

I also think that putting the two together we feel we are better together. I said that in the up-front remarks. I think almost every senior executive in the Company sees a benefit from some other part of the Company in their part of the Company and that is part of Symphony.

When I think about the Olympics I just touched on briefly in my opening remarks, you will see XFINITY's coverage of the Olympics will be unlike any television on the X1 experience that's ever been presented to a consumer for live sporting events. And NBC coverage itself will be unprecedented if you just go back a few years to see how much this landscape has changed. And the companies that are leaning in toward that and are well positioned, I can't think of a better Company than ourselves.

As to the relative value, these things evolve and go up and down and the relationship between the two, in terms of carriage disputes and other things, they are both great businesses and that was our fundamental premise all along. I think I first learned that being on Ted Turner's Board when Comcast was purely a cable company.

It is a worldwide business, it grows all in different ways, but they're in the same sort of system where together the value tends to head in the same direction and at any one time one part of the ecosystem can be doing better than another part of the ecosystem. But in the end we are bringing great experiences to consumers, you need the content, you need innovative distribution technologies and that is how we are running our Company. And I hope that is responsive to your question. Thanks for asking.

If you had your druthers would you rather have more of one than the other? I mean, you tried to buy some more distribution and now at least there is some speculation you are interested in more content. Is there one that you find more attractive at the moment?

I am not going to comment on that regard. And if you have more than one kid you love them equally, and I don't know any other way to put it than they are both great businesses and everything is specific to the situation.
But we have very rigorous returns, our track record -- it comes down to operating excellence. And just looking at Neil and Steve and their teams behind them and I think that is what is the story today with these results. Both parts of the Company are performing at an exceptional level in my opinion.

Craig Moffett - MoffettNathanson - Analyst

Well said. Thanks, Brian.

Operator

John Hodulik, UBS.

John Hodulik - UBS - Analyst

Maybe a regulatory question for Brian. The FCC seems determined to fold cable underneath the special or what they are now calling the business data services regime. And we should get some more color on that on Thursday.

Just what’s your thoughts on that? And that may be somewhat related questions -- Verizon has been making a lot of comments about an eventual 5G rollout. Any sort of early thoughts on the competitive environment or how that is likely to evolve as 5G technology develops? Thanks.

Brian Roberts - Comcast Corporation - Chairman & CEO

Let me let Neil start with the special access or -- go ahead, Neil.

Neil Smit - Comcast Corporation - Senior EVP, Comcast Cable President & CEO

Yes, well, the chairman recently claimed that there was limited competition in the business data services area and it needed more regulation. I can say that we compete every day for that business and it seems kind of counterintuitive that the FCC would want to impose regulations on a new entrant such as us, bringing more competition to that business. I think we haven't seen that the proposed rulemaking yet, so it is probably premature to comment on any further on it though.

Brian Roberts - Comcast Corporation - Chairman & CEO

Your second question was?

John Hodulik - UBS - Analyst

It was on 5G. I know you guys have probably heard Verizon is talking a lot about rolling it out really starting in 2018 as a sort of fixed wireless replacement for cable plan. Obviously it is a little bit down the road, but just any early thoughts on 5G and fixed wireless as a potential competitor to cable.
Neil Smit - Comcast Corporation - Senior EVP, Comcast Cable President & CEO

John, let me speak to that. 5G is an exciting new platform and it is still in the very early days. We think that the propagation distance is fairly short, about 300 foot radius. The antennas are going to need space and power and backhaul and it has -- the spectrum doesn’t really pass through objects like trees and buildings very well.

We think we are very well-positioned because we have space and power and backhaul as well as a field force to be able to install all the antennas and maintain the services and provide the backhaul that would be required. So we are going to continue to monitor, it is still a ways early in the game and we feel well-positioned.

John Hodulik - UBS - Analyst

Great, thanks.

Operator

Phil Cusick, JPMorgan.

Phil Cusick - JPMorgan - Analyst

First a follow up. Churn is improving nicely, you said it has been really sustained. Is there a case to be made to ease off on marketing to offset the cost growth in other parts of the business if this continues and to support margin in little bit?

And then second, on the opening up of the China market for film next year, how are you working toward that? Is it a real opportunity on the Universal side? Thanks.

Neil Smit - Comcast Corporation - Senior EVP, Comcast Cable President & CEO

Turning to the churn side, we have got very detailed. We have a data department who -- that Ed Brassel runs that is very detailed in how it segments the customer audience and which segments we are going after. And we are very specific about that and go after the high-value long CLV customers.

So I think where we see the opportunity we are going to spend the marketing dollars and we will continue to provide great service and manage the churn as appropriate. I think the churn is an accumulation of a lot of different things we are doing in the business -- customer experience, better product and just overall better service.

Brian Roberts - Comcast Corporation - Chairman & CEO

One of the things I just want to add that I think that Neil and Dave Watson and the team have calibrated a -- not just subscriber result but also revenue and cash flow, there is a balance that is pretty different and I think I have seen anybody else quite have over a sustainable number of quarters.

And so, the investment we are making in service, the investment in innovation and marketing it is all working but it is not at the expense of one or the other. And as you drive us forward I think, Neil, you will be making judgments every day on that balance. But that is what I personally find appealing in some of the results is that we are not just going on one side or the other.
Dave Watson and Cathy Avgiris and the field teams are doing a great job just driving the business on a consistent basis.

So China, it is amazing how far we have come in the last few years. We had no employees in China several years ago. We now have a very good team, a movie team, a consumer products team and we've spent a lot of time and have discussed on previous calls trying to get going on building a theme park in Beijing. And that is going according to plan.

So China represents a big, big opportunity for the Company, it already is a significant profit generator. Fast and Furious, for example, we did over $400 million in China.

But as that market grows I think it is very important that we be there and I think we are doing all the things that you would expect us to do and have a lot of big movies coming out in China in the next year and I want to make sure that we're doing everything we can to grow that market as aggressively as possible.

Phil Cusick - JPMorgan - Analyst

Thanks, guys.

Operator

Jessica Reif Cohen, Bank of America Merrill Lynch.

Jessica Reif Cohen - BofA Merrill Lynch - Analyst

Thank you I have one for Steve and one for Neil. Steve, on the upfront I would love to get your view of how this will turn out. You're coming to the market with a unified approach, which seems really logical but it is obviously never been done before.

And within that context, so I am wondering what the advertiser response has been so far. And within the context of the upfront, can you talk a little bit about Telemundo, which doesn't get that much attention, but you are a solid 40% share of the market at this point?

And then, for Neil, you've talked a lot about the drivers of video subs, which is phenomenal. I was just wondering if you could drill down a little bit on what you are doing in customer service that is different this year versus last and what your plans are for next year. For example, like is the Uber like app available across the footprint? Thank you.

Steve Burke - Comcast Corporation - Senior EVP, NBCUniversal CEO

So, regarding the upfront let me talk a little bit about the market. A year ago a lot of advertisers pulled back and didn't spend as much in the upfront. I think part of the thinking was we can always spend later and there is plenty of places to spend our money on digital.

I think the emotion of the market has swung pretty dramatically over the last year. I think people have come to the realization that broad television reach is really important in a campaign; that digital has a place but television has a big place. And a lot of people I think who did not come into the upfront market last year paid significantly more in what has been one of the strongest scatter markets I have ever seen.
So in terms of market dynamics we are going to the upfront season I think with a lot of wind at our back. And my prediction is that it is going to be a strong upfront. We think we are in the pole position for that strong upfront. We represent about 20% of the eyeballs in television if you add up broadcasting cable. NBC is on its way to its third annual 18 to 49 victory, we are doing very well in sports and news at NBC and then our cable channels are strong.

I am glad you pointed out Telemundo, Telemundo used to be a weak second; we are beating Univision most nights at 10:00 and have closed the gap with Univision. And I think in a number of our channels we are still underpriced relative to people that we are beating or are close to or at least competitive to.

So I think we are going into the upfront in a very strong position. And as you said, we sell all of our channels and all of our digital properties together under the unified direction of Linda Yaccarino, our head of ad sales, which is an advantage for advertisers.

But also given our position, we tend to talk to people first. And that is exactly where we want to be. And so, I think we are going into this upfront with a better upfront, a better more unified approach and more strength than we have ever had and we will see how it all plays out.

Neil Smit - Comcast Corporation - Senior EVP, Comcast Cable President & CEO
Concerning customer experience, we are focusing on a few things. One is making the experience all digital, so the customer, if they don't want to call an agent doesn't have to, they can do everything they need to do from a customer service perspective online or digitally.

We are working very closely on the first 90 days and the on boarding experience making sure that is a perfect experience, that is a higher churn environment. We are focusing on reliability of the products and the network, making sure they are always up. We said at INTX a year ago we would have the best product on the market and I think we are delivering that now.

We had the lowest agent call-in rate in years and that -- we took out 11 million calls and we had the highest first contract resolution rate in years as well. So, we are seeing the results but it is focused across a number of fronts and the team -- Charlie Herrin and the team have done a great job getting organized around the five key journeys and we are just delivering. We are changing the way we look at the business through the customer lens and it has really changed the way we go about doing things.

Jessica Reif Cohen - BofA Merrill Lynch - Analyst
Great, thank you.

Operator
Jason Bazinet, Citi.

Jason Bazinet - Citi Investment Research - Analyst
I just have a question for Mr. Burke. For years the Street always was unwilling to put a multiple on the studio division given (technical difficulty) nature. That seems to be changing a little bit as the failure rate, the franchise (technical difficulty) falls and the ability to monetize the franchise across divisions increases. Would you say that is an explicit strategy of your studio to focus on franchise film?
Steve Burke - Comcast Corporation - Senior EVP, NBCUniversal CEO

Oh, absolutely, five years ago we had one franchise, Fast and Furious. Today we have eight franchises and we are hard at work trying to build more. And we spend a lot of time trying to figure out where films are in the arc of the franchise. The franchise eventually declines and leaves and we are doing everything we can to make sure that the franchises that we have are as strong as possible.

We did -- our film group five-year plan review was just yesterday and we spent half the time talking about how to take care of franchises, make sure that they stay fresh, create new ones, make sure that they are fully monetized in consumer products and around the world.

So it is a key, key part of our Company. And again, we have made tremendous progress in the last five years being in the position we are now where we can look forward to these franchises continuing to come back and succeed for many years to come.

Jason Bazinet - Citi Investment Research - Analyst

Thank you very much.

Operator

Brett Feldman, Goldman Sachs.

Brett Feldman - Goldman Sachs - Analyst

I would be interested in hearing you comment on the future of the set-top box. If we look at what you are doing on the one hand you are making a big commitment to it through the X1 deployment. But you are also out there with your partner program and your recent announcement with Roku and Samsung.

And so, maybe just getting a view for how you think the marketplace is going to evolve. And then were you surprised at all by the FCC’s reaction to the announcement that you had with Roku? It would seem that it would align with their set-top box reforms and yet they came out somewhat harshly against it.

Neil Smit - Comcast Corporation - Senior EVP, Comcast Cable President & CEO

We think the X1 platform is the best there is in the market right now and we are seeing great results from it. Churn is down, VOD is up, more DVRs, more additional outlets so it is hitting on all cylinders. We also want to make our content available to as many customers or potential customers as possible. And we want to have the best content available.

So we did the -- we think the way to approach it is instead of coming up with new hardware that will probably be outdated in the short period, the apps-based approach was the right approach. And the deals that you refer to with Roku and Samsung are an HTML 5 based app that provides a full suite of services. So set-top boxes will continue to be part of our ecosystem and as will apps. Brian?

Brian Roberts - Comcast Corporation - Chairman & CEO

Go ahead, what were you going to say?

Brett Feldman - Goldman Sachs - Analyst

I was just going to ask for your comments on the SEC set-top box proposed reforms and their reaction to the partner program.
Neil Smit - Comcast Corporation - Senior EVP, Comcast Cable President & CEO

Yes, I thought their reaction was unnecessary. I think that the -- we are working hard with our partners. We have had over 40 companies call us to sign up for the partner program since then. And so, there is great interest in the ecosystem to get access to our XFINITY app. So I thought it was uncalled for.

Brett Feldman - Goldman Sachs - Analyst

Okay, thanks for taking the questions.

Anthony DiClemente, Nomura.

Anthony DiClemente - Nomura Securities - Analyst

I have one for Mike and one for Neil. Mike, I think this is a follow up from an earlier question, from Ben's question. But you talk any more specifically about the drivers of the 9.4% growth in programming expense in the quarter?

I realize you had renewals on the content side, you are adding more content rights as you described in your remarks. But I think investors continue to wonder if this sort of 9% to 10% programming expense growth rate that we are seeing continues into 2017 or if it moderates as you get beyond some of the one-time renewals -- some of those one-time step ups with your partners.

And then for Neil, it looks like on the high-speed data side that ARPU decelerated a touch in the quarter. And you didn't have modem fee increases, but I think pricing power on broadband is something investors assume that is an arrow that you have in your quiver.

So, just wondering if you could update us on how you think about broadband pricing this year and in the longer-term. And if you have anything to say about what the FCC said about Charter not being able to impose caps on data usage. Any thoughts there would be appreciated. Thanks, both.

Mike Cavanagh - Comcast Corporation - Senior EVP & CFO

Anthony, it is Mike. On program expense what we are seeing thus far and for this year is consistent with what we had said at the beginning of the year which is about 10% increase in programming expenses. And you hit the reasons; we have big -- certain renewals happening now and over the course of this year.

As far as going beyond this year, long-term -- you look back over time and long-term trends have been in the high-single-digits, so we are running a little higher than in the near-term than that. But that is again due to just having some of our big contracts coming back up for renewal.

Neil Smit - Comcast Corporation - Senior EVP, Comcast Cable President & CEO

And concerning the HSD, I mean we are very pleased with the 7.6% growth and 438,000 subs. We feel good about the business. It goes back to that balance that Brian referred to. We have increased speeds 16 times in the last 14 years, we are rolling out DOCSIS 3.1, we have tens of millions of Wi-Fi hotspots.
And so, we continue to add value to the business. I think there is pricing opportunity going forward as we continue to add value. Concerning the Charter tabs, I would prefer not to comment on that, that is still pending.

**Anthony DiClemente** - Nomura Securities - Analyst

Okay, thanks a lot.

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**Operator**

Bryan Kraft, Deutsche Bank.

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**Bryan Kraft** - Deutsche Bank - Analyst

I had one for Mike and one for Steve. Mike, I wanted to ask about cash paid for intangible assets. These investments have been growing at a pretty good rate over the past couple years particularly in recent quarters. Can you talk about what has been driving the growth and how we should think about those investments going forward?

And then, Steve, I was just wondering if you could comment on where the DISH carriage negotiations stand and do you feel that you are making any progress at this point? Thank you.

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**Mike Cavanagh** - Comcast Corporation - Senior EVP & CFO

So, I will just comment and if Neil wants to pile in he can. But on the software intangible side, that is just the other side of the offensive investments we are making in X1, Cloud DVR, our home products, smart Internet. When we build software or we improve our backbone through some infrastructure investments some of that rolls through software and tangibles. So it is the same story as what is going on in CapEx and investing behind the growth we are seeing.

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**Steve Burke** - Comcast Corporation - Senior EVP, NBCUniversal CEO

I think we are in good shape with DISH. I think we have a meeting of the minds. We don’t have a signed deal yet, but I think we will have one in the not-too-distant future.

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**Bryan Kraft** - Deutsche Bank - Analyst

Okay, great. Mike, if I could just follow up, I mean as you get through the X1 rollout, which is -- on the CapEx side is more hardware driven, I think most of us would expect the capital intensity to decline. But on the software side should we expect the same? Because it seems like the business is becoming more software driven. So is that going to take on maybe a different trajectory as you get toward the end of the X1 deployment?

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**Mike Cavanagh** - Comcast Corporation - Senior EVP & CFO

I would say that continues to be on a trajectory. We are investing a lot in innovation, that is the point of what we have been doing on the product side. So that will continue, it is a smaller -- obviously a much smaller amount than the hardware side. But it has been on a higher growth rate and I would expect it to -- as long as we are seeing great results -- continue to be biased towards innovating and getting great products out there.
Okay, thank you.

Mike McCormack, Jefferies.

Neil, maybe a quick comment on AT&T's DIRECTV Now announcement rolling out later this year, sort of a true nationwide full bundled offering presumably if and when they get the rights. Whether or not that changes your thought on the competitive landscape.

And I guess for Comcast specifically, could you do the same thing? And are there Title VI or LFA requirements that would prevent you from doing so? And then I guess for Mike, Cable OCF margins, can we just get a sense for how you are thinking about the pacing throughout the year on quarters?

So, on the AT&T announced product, there is no reason we couldn't do something very similar from a technology perspective or a rights perspective. We just have to go get the rights and deploy the product. We thus far haven't seen an OTT model that really hunts. And -- but we will continue to stay tuned into the market and be prepared to respond accordingly.

And on cable margins, its quarter-by-quarter seasonality will drive things a little bit. I mentioned last year's second quarter we had the Pacquiao fight that was -- that helped in that what is usually a seasonally weaker quarter. But full year is as we said; last year was 40.6% cable margins. And as we said at the beginning of the year, it would be flat to down 50 basis points and that continues to be what we see.

Great, thanks, guys.

Vijay Jayant, Evercore ISI.

Two questions, please. Steve, just want to get some color on the cable net underlying subscriber trends. Obviously we have some sense on what cord cutting is, but on the cord shaving side any color? I mean I think we have been thinking it is about a 2% decline on the base, but is that changing? Any color there would be great.

And then for Neil, I understand there is a big cost element on the operating cost side for set-top box related cost, you know whether truck rolls or customer care. So in a longer-term environment where set-top box possibly goes away, if that is the case, how much cost can go out from that (inaudible)? That would be great to understand. Thanks.
Steve Burke - Comcast Corporation - Senior EVP, NBCUniversal CEO

So in terms of cord cutting/cord shaving we don't see much change at all. The numbers -- the 2% you talked about is not far off from what we are seeing and some of it as shaving and some of it is cutting. And the interesting thing about the cable network business is the overall resiliency if you look at the affiliate stream and the advertising stream and the desire for advertisers to buy broadly distributed highly rated cable channels seems stronger than ever.

So, as a business it is not going to grow -- we have said before and we will say again, it is not going to grow the way it did 10 years ago. But it is still a good business for us and we don’t see any major change in terms of what is going on with sub trends.

Neil Smit - Comcast Corporation - Senior EVP, Comcast Cable President & CEO

(Technical difficulty) set-top boxes, as we put more up in the cloud and go to IP video we think the cost of the set-top boxes and the hardware -- overall hardware in the house will come down. We still believe there is a need for hardware in the house, at least at the gateway level.

And we will -- we have got IP video in the labs now and we will continue to look at the right balance to get the best content and all the content to our customers while managing the CapEx cost. But in terms of CapEx, you know CPE is in the 40% to 50% range of our CapEx spend, so that would be the amount overall that would be under development.

Vijay Jayant - Evercore ISI - Analyst

Great, thank you.

Operator

Marci Ryvicker, Wells Fargo.

Marci Ryvicker - Wells Fargo Securities - Analyst

Two quick questions. First, in terms of cable, we know Charter is being asked to over build 1 million broadband subs and we're being asked how big of an issue this might be since this is a first time cable operators will actually compete against each other. So I know it is early, but do you have any thoughts about this that you can share with us?

And then secondly for Steve, within NBC Universal and I guess just in general, we keep seeing declines in Cable subs but not Broadcast. Can you talk about what is driving the difference?

Neil Smit - Comcast Corporation - Senior EVP, Comcast Cable President & CEO

This is Neil, I will comment on the Charter overbuild. I think it is early to comment on it since we haven’t seen the details. But generally speaking Comcast is in urban markets and these urban markets have been overbuilt by one or another telco. And so, we are in a very competitive environment as it is. And we think we are well positioned.
Steve Burke - Comcast Corporation - Senior EVP, NBCUniversal CEO

So, the Broadcast business is a real positive I think in the overall NBCUniversal story if you look at where the Company was five years ago and where it is today. The most highly rated channels I think are going to be staying in the most bundles and are going to be watched by the most people -- continue to be watched by the most people. And I would put NBC obviously right at the top of that list.

Retransmission consent has been a tremendous benefit to our Broadcast business, both the retransmission we get from our own stations and the share we get from our affiliates. If you add those two numbers together that was a number around zero five years ago and is a number around $800 million today, something like that.

And also on the advertising side, I think particularly the live events, if you have got Olympics coming up for 17 days our ratings will be higher than all three -- if you add the other three broadcasters together we will be a multiple of anyone else’s ratings for 17 days. Imagine how valuable that is to someone who is trying to build a brand or introduce a new car, do something major in terms of changing the opinion of people in America.

So, it is interesting -- I would not have predicted this 10 or 20 years ago. But it feels like Broadcast is getting stronger and stronger in this period. We have to keep putting good shows on and it is tougher and tougher in a fragmented world to get a rating. But when you do you do get rewarded for it significantly.

Marci Ryvicker - Wells Fargo Securities - Analyst

Got it, thank you.

Operator

Frank Louthan, Raymond James.

Frank Louthan - Raymond James - Analyst

Can you comment a little bit more on the Amazon channel partnership and how important you feel that channel partners like Amazon and others will be to the products that you have going forward?

Neil Smit - Comcast Corporation - Senior EVP, Comcast Cable President & CEO

It is in the early stages of the partnership, but it has worked very well. They have been a great partner in helping us understand how to better sell contextually. In other words, to buy a laptop do you want an HSD service; if you buy a television do you want video service? So the contextual sales aspects they have been very helpful in working with us.

Concerning -- we developed a number of other channels. Our stores are doing very well. XFINITY on campus is doing very well. So, we continue to every year we seek to develop new channels and Amazon we see great promise in.

Frank Louthan - Raymond James - Analyst

Okay, great. Thank you.

Jason Armstrong - Comcast Corporation - SVP of IR

Thanks a lot, Frank. We will wrap the call up there. Thanks, everyone, for joining us. Regina, back to you.
Operator

There will be a replay available of today’s call starting at 11:30 AM Eastern Time. It will run through Wednesday, May 4 at midnight Eastern Time. The dial-in number is 855-859-2056 and the conference ID number is 68923741. A recording of the conference call will also be available on the Company’s website beginning at 12:30 PM today. This concludes today’s teleconference. Thank you for participating, you may all disconnect.