

— PARTICIPANTS

Corporate Participants

Marlene S. Dooner – Senior Vice President-Investor Relations
Brian L. Roberts – Chairman, President & Chief Executive Officer
Michael J. Angelakis – Vice Chairman & Chief Financial Officer
Neil Smit – President & Chief Executive Officer
Stephen B. Burke – Executive Vice President

Other Participants

Craig Eder Moffett – Analyst, Sanford C. Bernstein & Co. LLC
Jason Boisvert Bazinet – Analyst, Citigroup Global Markets (United States)
Jessica Reif Cohen – Analyst, Bank of America Merrill Lynch
Jason S. Armstrong – Analyst, Goldman Sachs & Co.
Douglas Mitchelson – Analyst, Deutsche Bank Securities, Inc.
John C. Hodulik – Analyst, UBS Securities LLC
Benjamin Swinburne – Analyst, Morgan Stanley & Co. LLC
Stefan Anninger – Analyst, Credit Suisse (United States)
James Maxwell Ratcliffe – Analyst, Barclays Capital, Inc.
Marci Ryvicker – Analyst, Wells Fargo Advisors LLC
Mike McCormack – Analyst, Nomura Securities International, Inc.
Tom W. Eagan – Analyst, Canaccord Genuity, Inc.
Phil Cusick – Analyst, JPMorgan Securities LLC
Bryan D. Kraft – Analyst, Evercore Partners (Securities)

— MANAGEMENT DISCUSSION SECTION

Operator: Good morning, ladies and gentlemen, and welcome to Comcast's first quarter 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, Ms. Marlene Dooner. Please go ahead, Ms. Dooner.

Marlene S. Dooner, Senior Vice President-Investor Relations

Thank you, operator, and welcome, everyone, to our first quarter 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.

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

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

Thanks, Marlene, and good morning, everyone.

I'm really pleased with our start in 2012. In the first quarter, we had strong revenue and cash flow growth and record quarterly free cash flow of \$3 billion. Cable had another outstanding quarter, with real momentum in high-speed Internet and Business Services and continuing improvements in video results.

Let's start with high-speed Internet, which had a particularly strong quarter in customer growth with 439,000 net additions, up 5% from our strongest quarter last year, as we continued to significantly outpace the net additions of our competitors. With 37% growth in revenue in the quarter, Business Services has become a significant engine for growth, and we have a mid-market opportunity that is still largely ahead of us.

We're also pleased with our improving video results. And although we reported 37,000 video sub losses, we believe we can continue to make steady progress with our focus on technical and product leadership on transforming the service experience and on accelerating innovation. Just in late February, we launched Streampix, which expands our video offering with thousands of library movie and TV series available to stream anywhere. It's early and the content choices will expand greatly throughout the year, but we now have a couple million customers who have access to Streampix.

Voice had a good quarter with 164,000 net adds, increasing penetration and improving performance as the quarter advanced. This year we're launching a series of enhancements like readable voice mail and free text messaging and launching Skype on XFINITY. All of these new features reinforce the value of our voice product and highlight the growing number of ways in which consumers can communicate using our services.

XFINITY Home is now available in 72% of our footprint, offering a compelling service that incorporates home security, home control, and energy management, and expands our market opportunity beyond just security. It's clearly very early and we're just getting started this year, but XFINITY Home adds another growth opportunity for cable.

We're getting ready to expand availability of our X1 cloud-based user interface to hundreds of thousands of homes this year. And just a couple of days ago, we expanded the reach of our cross-marketing partnership with Verizon Wireless to six new markets.

As you can see, we are focused on continuously enhancing our products, improving the customer experience, and driving innovation. And all of this is bringing our XFINITY brand to life and trying to position us as the premier service provider for our customers. So whether you are measuring financial performance or operational excellence, Cable really is doing quite well and we believe we can maintain this momentum.

We also had a good quarter and a nice beginning to the year at NBCUniversal, with revenue growth across every segment, led by the Super Bowl and two successful film releases, The Lorax and Safe House. The Cable Networks and theme parks continued to show reliable growth, and we're starting to make some progress in broadcast. As we've said previously, there is and will be more business volatility and quarterly variability in the results of NBCUniversal than in the rest of the company.

Also in 2012, we have a more aggressive film slate and special big events like the Super Bowl and the Olympics. But when you look through all of this, NBCUniversal businesses are performing well, and we're very focused on continuing to execute to build the long-term value of its brands and franchises.

We're investing in sports and original programming. Let me give you just a few examples of some of our early successes. In the first quarter, Style's ratings were up double digits and distribution increased by 18%. SyFy had its most watched first quarter ever among total viewers and ranked among the top ten cable entertainment networks in the quarter. And NBC Sports Network ratings for the first round of the NHL Playoffs were the best in the network's history, up 16% from the same time last year.

NBCUniversal and Comcast Cable are also working well together to launch new programs and innovative products. And we are looking forward to the Olympics to showcase some of our company's unique capabilities. We'll have a lot more to report on these efforts in our next quarterly call, which actually will take place during the Olympics.

In the meantime, let me wrap up by saying we're very enthusiastic about the progress we're making driving financial and operational excellence across the company.

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

Michael J. Angelakis, Vice Chairman & Chief Financial Officer

Thank you, Brian.

Let me begin by briefly reviewing our consolidated financial results, starting on slide four. Overall, we are very pleased with our first quarter results, which reflected profitable growth and the fundamental strength in our businesses. First quarter consolidated revenue increased 23% to \$14.9 billion. And operating cash flow increased 15% to \$4.7 billion, reflecting strong organic growth in our Cable business as well as consolidating 2011's acquisitions of NBCUniversal on January 28 and the remaining 50% of Universal Orlando on July 1.

Free cash flow for the quarter, which excludes any impact of the economic stimulus, increased 37% to \$3 billion, reflecting growth in consolidated operating cash flow and some timing benefits in working capital, including taxes, partially offset by higher capital and intangible asset expenditures. Free cash flow per share increased 40.5% to \$1.11 per share.

Earnings per share for the first quarter grew 32% to \$0.45 per share from \$0.34 per share in the first quarter of 2011. Excluding NBCUniversal transaction and related costs of \$0.02 per share in the first quarter of last year, our EPS increased 25% in the first quarter of 2012.

Please refer to slide five. Now let's take a look at the pro forma results of our Cable Communications and NBCUniversal businesses. Pro forma results are presented as if the NBCUniversal and the Universal Orlando transactions were both effective on January 1, 2010. As you know, we believe that pro forma presentation provides a more meaningful comparison of the operating performance of the businesses.

For the first quarter of 2012, consolidated pro forma revenue increased 9.6% to \$14.9 billion. Consolidated pro forma operating cash flow increased 9.6% to \$4.7 billion. Included in pro forma operating cash flow for the first quarter of 2011 are transaction related costs at NBCUniversal totaling \$92 million. Excluding these costs, our pro forma consolidated operating cash flow increased 7.3%.

For the first quarter, Cable Communications revenue increased 5.7% to \$9.6 billion and represented 64% of our consolidated revenue, while Cable operating cash flow grew 5.5% to \$4 billion and represented over 80% of consolidated operating cash flow.

For the first quarter, NBCUniversal generated revenue of \$5.5 billion, an increase of 18%, reflecting strong revenue growth in every segment, including the Super Bowl revenue of \$259 million in the broadcast TV segment. Excluding the Super Bowl in the first quarter of 2012, revenue increased 12.4%. NBCUniversal's operating cash flow increased 34.3% to \$813 million. Excluding the \$92 million of transaction related costs I just mentioned, operating cash flow increased 16.6% at NBCUniversal.

Please refer to the next slide and let's review Cable Communications results in more detail. We had another strong quarter of financial and customer growth in our Cable Communications business. For the first quarter cable revenue increased a healthy 5.7% to \$9.6 billion, reflecting growth in our residential businesses, continued strength in Business Services, and solid growth in advertising.

We continued to effectively balance ARPU and customer growth. This quarter, total revenue per video customer increased 8% to \$143 per month, reflecting rate increases, a higher contribution for Business Services, and an increasing number of customers taking multiple products. At the end of the quarter, 73% of our video customers took at least two products, and 38% took all three services versus 34% in the first quarter of 2011.

We continued to experience real strength in our customer metrics. In the first quarter, combined video, high-speed Internet, and voice customers increased by 565,000. Our high-speed Internet service continues to gain share as we are differentiating our product through service and speed enhancements. We added 439,000 new high-speed Internet customers in the first quarter, marking the sixth consecutive quarter of HSI net add improvement.

In addition, we experienced continued improvement in our video customer losses. In the first quarter, we lost 37,000 video customers compared to a loss of 39,000 video customers in last year's first quarter. We achieved these improved results even as our telco competitive footprint expanded from 36% to 38% and we implemented rate increases to 62% of our footprint in the first quarter compared to 34% in the first quarter last year.

While we continue to make progress with our video results, we do want to remind everyone we are entering the second quarter, which is a seasonally slower period for our business 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 and we are competing better with improved products and services. Our goal is to continue to focus on profitable growth and make improvements in our video customer experience and performance.

As we look at our service categories, first quarter video revenue increased 1.6%, reflecting improved customer metrics, rate adjustments, and an increasing number of customers taking higher levels of digital and advanced services. We added 243,000 advanced service customers in the first quarter and now have 11.1 million high-def and/or DVR customers, equal to 54% of our 20.7 million digital customers. High-speed Internet revenue was a large contributor to cable revenue growth in the first quarter. HSI revenue increased 10.3%, reflecting rate adjustments, continued growth in our customer base, and an increasing number of our customers taking higher speed services. Today, 26% of our residential HSI customers take a higher speed tier above our primary service. The addition of 439,000 new HSI customers in the first quarter resulted in a penetration of 35% of our network's homes passed.

With regard to voice, revenue increased 2% for the quarter, reflecting continued growth in our customer base, partially offset by a slight decline in voice ARPU. In the first quarter, we added 164,000 voice customers and continued to see the pace of voice customer additions improve as we have increased our triple-play sell-in metrics. In addition, as Brian mentioned, we are enhancing our voice product with lots of new innovative features such as readable voice mail and free texting through our XFINITY mobile app.

Business Services continues its momentum and was a large contributor to cable revenue growth in the first quarter, with revenue increasing 37% to \$541 million. Growth in Business Services continues to be driven by the small end of the market or businesses with less than 20 employees. In addition, Metro-E and PRI Trunked voice, which are now available in all of our markets, are making an increasing contribution to the Business Services results.

Please refer to slide seven. First quarter Cable Communications operating cash flow increased 5.5% to \$4 billion, resulting in a stable margin of 41.2%. In the first quarter, total expenses in cable increased 5.8%, primarily reflecting higher video programming costs, sales and marketing expenses, as well as continued operating expenses to expand the capabilities in Business Services and other new initiatives. Programming expenses increased 5.5% in the first quarter of 2012 as we continue to increase the amount of content we provide to consumers across multiple platforms. As we have mentioned previously, we expect programming expenses to grow at mid to high single-digit rates. And in 2012, we expect programming expenses to grow at the higher end of that range.

In addition, sales and marketing expenses increased 11.7% as a result of higher overall media spend and a continued investment in direct sales to more effectively target customers and enhance our competitive position in both residential and Business Services segments. Partially offsetting these higher expenses, we improved efficiencies in our operations as we focus on improving service, reducing churn, and increasing customer satisfaction. As a result, customer service and technical operation expenses were relatively flat during the quarter. In addition, bad debt expense improved as we continued to improve our retention, collection, and screening processes.

Please refer to slide eight as we'll review Cable Communications capital expenditures. In the first quarter, total cable capital expenditures were stable at \$1.1 billion, equal to 11% of cable revenue versus 11.6% in the first quarter of 2011. This reduction in capital intensity reflects scale efficiencies, which help offset to higher investments in CPE, continued investments in network infrastructure, and the ongoing expansion of Business Services.

During the first quarter, CPE expenditures increased 3% as we deployed 658,000 advanced HD and/or DVR set-tops and another 1.3 million digital adapters, but benefited from lower average pricing. Our All-Digital project, which we completed last year, has been a terrific initiative that has provided significant operational benefits and product enhancements and has also generated strong financial returns. We continue to recapture remaining analog bandwidth in a number of our markets as we anticipate the additional operating efficiencies and strategic benefits from fully digitizing our systems.

First quarter 2012 CapEx also reflects our investment to support the growth in Business Services, which totaled \$146 million. Business Services continues to have positive momentum and generates strong returns well above our cost of capital. In addition, we continue to invest capital in our network to ensure superior product leadership in high-speed Internet and to fund the future expansion of new services like XFINITY Home, Wi-Fi, and X1, which expand our product offerings and drive future organic growth. Overall, we are very pleased with our capital investment plan and are focused on strategic areas of growth that yield strong risk-adjusted returns.

Please refer to slide nine so we can review the pro forma results for NBCUniversal. For the first quarter of 2012, NBCUniversal's revenue increased 12.4% excluding the Super Bowl. And operating cash flow increased 16.6% excluding transaction related costs in 2011. As Brian mentioned, NBCUniversal has substantial volatility from a quarter-to-quarter basis from businesses like film, which had a good first quarter, and timing issues related to the launch of new programming across our broadcast and Cable Networks. For the first quarter, our positive results are driven by improvement in film, steady progress in broadcast, and solid results from Cable Networks and theme parks.

Now let's take a closer look at the individual segments at NBCUniversal. For the first quarter, Cable Networks generated revenue of \$2.1 billion, an increase of 5.8%, driven by a 5.9% increase in advertising revenue, a 3.8% increase in distribution revenue, and a 20.5% increase in other revenue, primarily due to increases in the licensing of content. Cable Networks operating cash flow decreased 1.4% to \$805 million, primarily reflecting higher sports programming costs due to a shift in the number of NBA games to the first quarter of 2012, after the NBA lockout was settled.

In addition to sports programming, we continue to invest in original programming, and we're seeing positive results, including USA maintaining its position as the number one cable network and good progress at our entertainment and sports networks.

With regards to our Broadcast segment, first quarter broadcast television revenue increased 36.9% to \$1.9 billion, and included \$259 million of revenue generated by the Super Bowl. Excluding the impact of the Super Bowl in the first quarter, Broadcast revenue increased 17.7%, reflecting higher primetime ratings, primarily due to the success of *The Voice*, and higher content licensing revenue from a licensing agreement signed in the second quarter of 2011. First quarter 2012 Broadcast operating cash flow decreased \$30 million to a loss of \$10 million, reflecting increased programming and marketing costs to support the mid-season primetime schedule.

Moving on to Film, first quarter revenue increased 22.3% to \$1.2 billion, reflecting higher theatrical revenue from the strong box office performance of *The Lorax* and *Safe House* as well as higher home entertainment revenue due to more DVD titles being released compared to last year's first quarter and the success of *Tower Heist* and *Hop*. First quarter film operating cash flow improved by \$152 million to \$6 billion, primarily reflecting higher theatrical revenue.

Switching to our Theme Parks segment, we had a strong quarter as theme parks generated revenue of \$412 million, a 5.7% increase, driven by higher per capita spending at the Orlando and Hollywood parks, which continued to benefit from the success of *The Wizarding World of Harry Potter* attraction in Orlando and the *King Kong* attraction in Hollywood. We continue to have healthy attendance in both Orlando and Hollywood as both parks benefit from strong growth in international visitors. First quarter operating cash flow increased 17.1% to \$157 million.

Please refer to slide 10 for an update on our 2012 financial strategy. As I mentioned earlier, we generated consolidated free cash flow of \$3 billion in the first quarter, an increase of 37%. Free cash flow per share increased 40.5% to \$1.11 per share. The first quarter is typically our strongest free cash flow quarter as we pay federal cash taxes in the second, third, and fourth quarters.

I think I've mentioned this before, but I think you know that we manage Comcast and NBCUniversal as two distinct pools of cash flow generation and funding capacity. As you can see on this slide, Comcast, which includes both Cable Communications and corporate and other, accounted for \$2.2 billion or 72% of total free cash flow, and NBCUniversal contributed \$851 million or 28% of consolidated free cash flow. NBCUniversal's free cash flow and cash is retained to build capacity to fund future equity redemptions by GE, while Comcast Cable allocates its free cash flow to consistently return capital to shareholders.

We view our strong balance sheet as a strategic asset and are committed to remaining a strong investment-grade issuer. At the end of the first quarter, we had \$37.8 billion of debt on our consolidated balance sheet and had gross debt to operating cash flow leverage of two times.

We are executing on our 2012 financial plan that we outlined in our year-end earnings call. And during the first quarter, we returned \$1.1 billion of capital to shareholders, including share repurchases totaling \$750 million and dividend payments totaling \$304 million.

Overall, our consolidated operating and financial results mark a strong start to 2012. We are progressing according to our internal plans and are continuing to execute on our strategic opportunities.

Now let me turn call 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: Thank you. [Operator Instructions] Our first question comes from the line of Craig Moffett with Sanford Bernstein. Please go ahead.

<Q – Craig Moffett – Sanford C. Bernstein & Co. LLC>: Good morning, everyone. Since there has been so much attention to the seasonality trend in basic video subscribers this quarter, I wonder if maybe, Neil, you could just go through the math a little bit of why we didn't get as large a sequential seasonal swing in basic video subscribers that we've historically gotten. Was it something in the fourth quarter or was it something in the first? Just help us understand what happened.

<A – Neil Smit – Comcast Cable Communications LLC>: Hi, Craig. I don't think there was really a seasonality impact that was different than previous years. I think the difference was that, as Michael stated, the percentage of our footprint that experienced a rate increase was up from 34% to 62%. I think the size of this footprint that received a rate increase resulted in more customer service calls and slightly higher churn. I think our goal is to continue to improve on video losses quarter after quarter. This is the sixth consecutive quarter that we've done that. I think without the increase, we would have had better net gain numbers. However, it's great to have this rate increase event behind us. And I think I was pleased that we were able to reduce losses while increasing ARPU 4% on video and 8% overall.

<A – Marlene Dooner – Comcast Corp.>: Thanks, Craig; next question, please.

Operator: Our next question will come from the line of Jason Bazinet with Citi. Please go ahead.

<Q – Jason Bazinet – Citigroup Global Markets (United States)>: I just have a question for Mr. Roberts. I was wondering if you could just elaborate a little bit on Streampix in terms of how you plan to position that in the marketplace and how long you think it will be before it's ubiquitous across your footprint. Thank you.

<A – Brian Roberts – Comcast Corp.>: I think let me start. Neil, you can jump in if you want. It's a good beginning. As I said, we have ubiquitously across the footprint available. We have over a couple million who now have access to Streampix. We're beginning to advertise it. You'll probably see some of our ads; they're terrific. The biggest thing is we're going to be increasing the quality and the quantity of the content as we secure more rights and as we put into the servers the rights that we've already got. It's also increasing our on-demand usage. And just in the month of March, we saw real usage right out of the box. So I think it's a nice addition. Neil, do you want to add anything to that?

<A – Neil Smit – Comcast Cable Communications LLC>: Yes, I think the intent of it was to fill out our content portfolio as it's complementary. So we have the recent content in the form of linear, the VOD content, and now the library content. We're seeing good uptick on usage. It's on both VOD and as a premium. And we also are bundling it with a video package and broadband as a way to extend off our footprint of HSD-only and DVS households. That has been well received. So it's a complementary video product, and we can use it to bundle with other products.

<Q – Jason Bazinet – Citigroup Global Markets (United States)>: Thank you.

<A – Marlene Dooner – Comcast Corp.>: Thanks Jason. Operator, let's go to the next question, please.

Operator: Our next question comes from Jessica Reif Cohen with Bank of America. Please go ahead.

<Q – Jessica Reif Cohen – Bank of America Merrill Lynch>: Thanks. I'll interpret that as one question on each division. So first on SME, I think Brian mentioned at the beginning of the call that you're about to go full force into the midsize market. Can you just talk about what impact that will have on growth? Is it steady as you go, or will growth accelerate as you really ramp up?

And on the NBCU side, it seems like your team is solidly in place. Ratings are stable again at NBC. What's the next step? Is the goal to drive in-house production? Where is the real next driver of value here?

<A – Neil Smit – Comcast Cable Communications LLC>: Jessica, I'll take the SME question, then pass it over to Steve. I think that we're getting most of our growth from SME, and now Metro-E and midsize are starting to come in. We're offering three products really on the midsize. It's the Metro-E product, the Ethernet. It's PRI, a PBX equivalent, and now a hosted voice solution. I think we also have backhaul. We have about – we've increased the number of installed towers by about 79% since 2010. So I think the growth will continue to ramp in Metro-E. And I think the growth rate will remain relatively steady because we're growing it on a larger basis. We think the overall opportunity is \$20 billion to \$30 billion. We're at about a \$2.2 billion run rate now, so that's only a 10% penetration.

<A – Stephen Burke – Comcast Corp.>: Regarding value drivers at NBCUniversal, I think we have a lot of them. I would start with Broadcast. We're underperforming our peers. And if we got up to the level of our peers, if you look at Broadcast as an ecosystem that includes the network, the owned stations, and syndication, there are hundreds of millions of dollars worth of opportunity just getting to average in that business. And I think we're starting to make some progress but there's a long way to go. We're headed out to look at pilots. And of course, we have the upfronts coming. And we're optimistic and have made some good progress. Revenues were up 11% for the quarter not including the Super Bowl. The Voice clearly is going to be something that we can use to build on. So I think Broadcast is a big opportunity. And by Broadcast, don't forget we also have Telemundo, which I think represents opportunity.

The cable channels are really the heart of current cash flow and continue to do well. And we're investing in them, and I think those represent an opportunity over time. Film represents a real opportunity, as we have a much stronger slate this year, in my opinion. We'll see whether that translates into increased profitability this year and next, but we're hopeful. And then we've got the theme parks, where we've invested and continue to be very bullish about Orlando, where you've got Harry Potter over a year old and doing great. And Hollywood is doing well as well. So we have a lot of different places where we're optimistic about the future. It takes time. As you mentioned, we have our team in place. We've started to make the investments, and we think we had a solid quarter on our way to a good year. But there's a lot of opportunity at NBCUniversal for years to come.

<A – Brian Roberts – Comcast Corp.>: I just want to add, Jessica, to that, that I also think that the working together between content and distribution adds additional value to our company. But over time, the trend has suggested that really great content is going to be worth more value to distributors with more technological ways to distribute. So as we look forward in the years ahead, not just in the quarters ahead, I think we're sitting on one of the great libraries and one of the great set of brands in the industry. And I believe we'll find ways to monetize that as the technology continues to make it more attractive to consumers.

<A – Marlene Dooner – Comcast Corp.>: Thanks, Jessica. Operator, let's go to the next question, please.

Operator: Our next question comes from Jason Armstrong with Goldman Sachs. Please go ahead.

<Q – Jason Armstrong – Goldman Sachs & Co.>: Hey, thanks. Good morning. Just a question on broadband, there's a fear more broadly that we're nearing saturation from an industry perspective. Your results obviously don't suggest that. You're accelerating growth in net adds in the business. Maybe just help us think through the outlook and how you think about balancing volume growth versus the pricing power that you probably could exercise to a greater extent here. Thanks.

<A – Neil Smit – Comcast Cable Communications LLC>: Hi, Jason. I think that we were very pleased with the quarter at 439,000 net adds. And as you said, we continue to drive strong growth quarter after quarter. I think it's fundamentally because we feel we have a better product where we continue to increase speeds on top of our DOCSIS platform. I think there's always a balance between rate and volume. We think we've met that balance pretty well. We increased ARPU 4% this quarter in HSD and drove that sort of growth. So we feel there's still some pricing power as long as we're continuing to improve the product and meet the customer demand.

<A – Marlene Dooner – Comcast Corp.>: Thanks, Jason. Operator, let's go to the next question, please.

Operator: Our next question will come from Doug Mitchelson with Deutsche Bank. Please go ahead.

<Q – Douglas Mitchelson – Deutsche Bank Securities, Inc.>: Thanks so much; Neil, a clarification. If price increases drove higher churn in 1Q, are fewer price increases causing you or price increases in fewer markets causing you to see better churn in 2Q? I'm just curious any comments you'd have on changes you're seeing in the competitive environment or the economy. For example, this quarter the phone companies talked a bit about backing off their DSL product. I think Verizon even said they weren't marketing it anymore. And FiOS talked about one of their primary goals is also to drive margins now, which makes it sound like promotional activity will be stable or maybe even improve going forward. So any thoughts around the environment and churn would be helpful.

<A – Neil Smit – Comcast Cable Communications LLC>: Yes, I think, as you know, in the second quarter, and I think Michael mentioned we have seasonality both in the college towns as well as the snowbirds down in some of our southern markets like Florida. So seasonality does take effect as it has in all the previous years.

I think in terms of competition, I think it varies for each of our services. We always seek the right balance there. There wasn't anything that was significantly different this quarter than the different competitive offers we saw in previous quarters. I think Verizon came out with a relatively low priced bundle in some markets, and DIRECTV is doing some promotional activity around Sunday Ticket. But I think we see those kinds of things every quarter and we feel we're competing very well, primarily by innovating at a better rate. We're getting more products out, as Brian mentioned. We launched Streampix this quarter. We increased speeds. We're getting more content out there. We've got X1 being launched in this quarter, the second quarter, so we feel good about the innovation and delivering more value to our customers.

<Q – Douglas Mitchelson – Deutsche Bank Securities, Inc.>: In terms of churn, Neil, I was thinking about year over year rather than quarter over quarter. I certainly understand the seasonality. I was just thinking if 1Q churn was a little bit higher year over year, then 2Q that might be a little bit lower year over year; any thoughts on that?

<A – Neil Smit – Comcast Cable Communications LLC>: It was generally in the same range, and we don't – 2Q. The first quarter churn was generally in the same range. It wasn't substantively different. As I mentioned in the rate increases, there was slightly higher churn but not materially different.

<Q – Douglas Mitchelson – Deutsche Bank Securities, Inc.>: Right.

<A – Neil Smit – Comcast Cable Communications LLC>: And the second quarter, I think we don't generally project forward on churn.

<Q – Douglas Mitchelson – Deutsche Bank Securities, Inc.>: Great, thank you very much.

<A – Marlene Dooner – Comcast Corp.>: Thanks, Doug. Operator, let's go to the next question, please.

Operator: Our next question will come from John Hodulik with UBS. Please go ahead.

<Q – John Hodulik – UBS Securities LLC>: Okay, great; Neil, maybe just to follow up to your comments on X1. Could you just talk a little bit about that? You said second quarter rollout here. Obviously, we know about the trial that I guess you did in Augusta. How quickly will you be able to roll that across the footprint? And maybe talk about some of the benefits you expect to get, maybe lower churn or better gross adds, and talk about the product a little bit. That would be great. Thanks.

<A – Neil Smit – Comcast Cable Communications LLC>: As you know, it's a product with cloud-based user interface and advanced navigation. We have apps on it. It's an easier way to discover content. And we're very excited about the test we've been running down in Augusta. People seemed – they get on the product and they begin to use it more and more. And so we're going to be rolling it out in one major market here this quarter, and then it will go out subsequently to other markets. I think the range we'll see this year will be in the hundreds of thousands. It's dependent upon hardware primarily. It can go on COAM [Customer Owned And Maintained] devices and advanced set-tops as well, the platform can. I think the real advantage of it was we put so much of our information up in the cloud, it enables us to innovate more quickly. So putting our VOD content on the Xbox was very relatively simple and a much quicker launch because we had so much up in the cloud. So we're excited about it. I think the impact of it will be hopefully more customers wanting to subscribe to our video service and less churn because they're more pleased with our product.

<A – Brian Roberts – Comcast Corp.>: I want to maybe just echo that for me, if you're on a technological plan that all of your products have ultimate innovation and hopefully superiority to their competitors, that's a business that you feel very good about. And so in the video business in particular to the question, I think what it begins to show is the two-way network has tremendous advantages over some of the one-way networks like satellite. And we have to execute and make that happen for consumers. That word-of-mouth has to get out. We have to market it. We have to brand it. But first we had to invent it and stabilize it and make sure it really had that same experience. And I think that's what we're excited about and we've seen – it goes across the whole platform. It's all devices as well as easy to put on, as Neil said, third-party devices. So we think we're making real progress there. Long term, I think that's going to be a differentiator. It may not happen in a quarter or two, but we will roll out this major market here in the next few weeks, and we're very excited about it.

<A – Marlene Dooner – Comcast Corp.>: Thanks. Operator, let's have the next question, please.

Operator: Our next question comes from Ben Swinburne with Morgan Stanley. Please go ahead.

<Q – Benjamin Swinburne – Morgan Stanley & Co. LLC>: Thank you, just a clarification and a question. On programming costs, Michael, I think you said mid to high and at the higher end of that for the year. So I just wanted to make sure it's fair to say Q1 was more mid, so you expect to it ramp through the year.

And then a question for anyone who wants to take it just on the spectrum sale; obviously a lot of focus in DC there; and I'm just curious if you'd comment whether if the spectrum deal with Verizon is not allowed, is the JV something that continues to be a possibility? Or are those two events tied together in your mind strategically because, obviously, having a wireless partner is something that I think Comcast values going forward? Thanks.

<A – Michael Angelakis – Comcast Corp.>: Why don't I take it? You're right, Ben. The programming costs for the first quarter are in the midrange. We do expect for the year that when you look at the entire year that programming costs will be slightly higher than what was represented in the first quarter. We have some contract renewals and some other things that come into play that will boost those costs up a bit for the whole year.

With regard to – I'll take the one with regard to the spectrum sale. We're very optimistic that we'll get the transaction closed in the latter part of the year. I know Verizon Wireless and our folks in the regulatory side are working closely with the SEC and DOJ. And I think both parties are very optimistic we'll get the deal closed and we'll get it closed – at least our view is towards the latter half of the year.

<Q – Benjamin Swinburne – Morgan Stanley & Co. LLC>: Thank you very much.

<A – Marlene Dooner – Comcast Corp.>: Thanks, Ben. Operator, let's have the next question, please.

Operator: Our next question comes from Stefan Anninger with Credit Suisse. Please go ahead.

<Q – Stefan Anninger – Credit Suisse (United States)>: Good morning, thanks for taking my question. My question is for Mr. Smit. I was hoping you could give us a sense of how many of your video subscribers are actively using your XFINITY TV online product. And perhaps you could give us a sense of how important you think that product had been to improving your video subscriber results. In other words, do you see that product a key driver of your slowing video sub losses? Thank you.

<A – Neil Smit – Comcast Cable Communications LLC>: Our XFINITY TV app on the iPad, we've had about – a little over 5 million downloads. The people who are using it, interestingly, are using the tools more than viewing the long-form content. The tools I'm referring to are Search and Remote. And we feel that it is helping our customers explore the content and get to the content in an easier manner. And therefore, our belief is that if customers can find our content and view it in an easier way and it's a better experience that there will be more customers wanting to use our service.

The other thing I'd say is that it has things like cross-platform search, and I think it enables us to go to leverage one of the advantages we have, which is great content, linear VOD, DVR, and online. And we believe that's one of the key advantages that we have.

<Q – Stefan Anninger – Credit Suisse (United States)>: Excellent, thank you.

<A – Marlene Dooner – Comcast Corp.>: Thanks, Stefan. Operator, let's go to the next question, please.

Operator: Your next question will come from James Ratcliffe with Barclays. Please go ahead.

<Q – James Ratcliffe – Barclays Capital, Inc.>: Good morning, thanks for taking the question. Just give us an update on MyTV Choice and also the Internet Essentials program and to what degree, if any, they're contributing to subscriber growth. Thanks.

<A – Neil Smit – Comcast Cable Communications LLC>: Hi, James. MyTV Choice is in test in three markets. As you know, it's a basic package with a different genre of bolt-ons. We found that it works well, especially in retention because it gives people choice, and that's what folks are looking for. We haven't made a decision as yet how to roll it out on a broader basis, but we're encouraged by the test.

In terms of Internet Essentials, it's not a material contributor to the HSD number, but we're very pleased with the program. It has been exceptionally well received by the market, and we're big believers in getting this service to people, extending the Internet to people who may not be able to afford the higher priced product.

<Q – James Ratcliffe – Barclays Capital, Inc.>: Thank you.

<A – Marlene Dooner – Comcast Corp.>: Thanks, James. Operator, let's go to the next question please.

Operator: Your next question will come from Marci Ryvicker with Wells Fargo. Please go ahead.

<Q – Marci Ryvicker – Wells Fargo Advisors LLC>: Thanks, just a question on ARPU. What prompted the increase in rate in the quarter? Did the Disney contract have anything to do with the timing here? And then related, can you talk about the contribution from your home security business, if anything, to ARPU?

<A – Neil Smit – Comcast Cable Communications LLC>: Marci, it was really an operational decision. We had markets who were ready to take the increases, and it didn't have anything to do with the Disney contract. It was more operational in nature.

With regards – your second question, please? With regard to home security, we've now rolled it out to about 73% of our footprint. It has been really well received. The churn on it is very low. Once, we had to figure out how to best sell it; it's a more consultative sale. But now that we've figured that out, it's going very well in the market that we're launching. We believe that it won't be a material contributor this year, but it's a great product going forward and will become more material over time.

<A – Michael Angelakis – Comcast Corp.>: And just to be clear, it didn't have really any impact on ARPU at all this quarter. The numbers are way too small.

<Q – Marci Ryvicker – Wells Fargo Advisors LLC>: Great, thank you.

<A – Marlene Dooner – Comcast Corp.>: Thanks, Marci. Operator, let's go to the next question, please.

Operator: Your next question will come from Mike McCormack with Nomura Securities. Please go ahead.

<Q – Mike McCormack – Nomura Securities International, Inc.>: Hey, guys. Thanks. Maybe you can just make a quick comment, Neil, on this issue regarding Sony and Netflix and the over-the-top offerings being subject to broadband caps and how the FCC might be viewing either your side or their side of that. And then just, Steve, if you would, is there any chance you can quantify the impact of the NBA game shifts in the quarter?

<A – Neil Smit – Comcast Cable Communications LLC>: Hi, Mike. Right now, we don't have plans to introduce any usage-based pricing. I think our goal is to provide the best HSD experience. And I think by the results that we continue to offer in HSD, it's clear that customers are pleased with our thresholds. We review various forms of pricing and structures all the time. We've put the

instrumentation in place should we decide to go to a different form of pricing. And with regards to Sony and Netflix, I think Netflix articulated in their earnings call that our data thresholds don't really impact their Netflix users at this point.

<A – Stephen Burke – Comcast Corp.>: So we're not releasing what the effect of the NBA lockout was precisely. But I will say it's one of a few things that happened during the quarter that made the Cable Networks look like they weren't growing. The reported growth was minus 1%. The actual growth was mid-single digits because of a few things like the NBA lockout that really depressed this quarter's growth rate.

<Q – Mike McCormack – Nomura Securities International, Inc.>: Okay, great. Thanks, guys.

<A – Marlene Dooner – Comcast Corp.>: Thanks, Mike. Operator, let's go to the next question, please.

Operator: Our next question comes from Tom Eagan with Canaccord. Please go ahead.

<Q – Tom Eagan – Canaccord Genuity, Inc.>: Super, thank you. I have a question on video-on-demand. It seems as though the service is finally becoming one that the cable operators can provide some kind of an advantage. Could you give us the latest on the buy rates and on advertising on VOD? Thanks.

<A – Neil Smit – Comcast Cable Communications LLC>: Hi, Tom. Generally speaking, the usage of VOD continues to increase. We're up to about 400 million views a month. When we launched Catch Up/Keep Up, which provides all the Catch Up content for the past four episodes or, in some cases, five episodes that the free content usage went up significantly, and that drove more transactional usage.

In terms of advertising, as you may have heard, we are now doing dynamic ad insertion pre-roll, mid-roll, and post-roll. And we feel that's a great opportunity for advertisers, programmers, and distributors. So we're in tests with it right now with some different programmers, and we intend to roll that out on a broader basis over the next year.

<Q – Tom Eagan – Canaccord Genuity, Inc.>: Great, thank you.

<A – Brian Roberts – Comcast Corp.>: Let me just comment that you can see the strategy through that question and Neil's answer. We made real progress on On-Demand. I think back five, seven years ago when we first started to get to 400 million uses a month, let's not just walk by that number. That's dramatic customer behavior. You then layer in that we've made real progress with broadcasters and now have a lot of the content to be able to have Catch Up/Keep Up. Then you have Streampix, which we've just created, as we talked about. Then you've got to be able to have a guide and a user interface that makes it easy to navigate this unbelievably broad set of choices. And that's where X1 kicks in, in addition to some of the improvements we've made on the guides as well as what we've done with the iPad and on other platforms to be able to search and navigate, as Neil was talking about.

You really can begin as you brand it as XFINITY to see it's a different experience, and that is the trend that we're on. And if you really believe we're headed to an interactive world, each user, not even each household, has their own personal choices and their own control, I don't know that there's a better platform out there than what we've been building, and it's starting to really kick in. I think we have taken the leadership on this. Each little quarter it's getting a little better. And I think we see a lot of progress with innovation happening in the next couple years and we're on a good road.

<Q – Tom Eagan – Canaccord Genuity, Inc.>: Great, thank you.

<A – Marlene Dooner – Comcast Corp.>: Thanks, Tom. Operator, let's have the next question please.

Operator: Our next question comes from Phil Cusick with JPMorgan. Please go ahead.

<Q – Phil Cusick – JPMorgan Securities LLC>: Hi, thanks. I wonder if you can expand a little bit on the TV Everywhere progress, both on the cable side maybe in the home. I think it's the Media Mover device; and then on the NBCU side, the potential to start getting paid for customers taking content like what Disney and Time Warner started to do. Thanks.

<A – Neil Smit – Comcast Cable Communications LLC>: So I'll take the TV Everywhere question, then turn it over to Steve. I think it's important to begin with the definition of TV Everywhere, which is we believe it's having valuable content for our customers on multiple platforms in an authenticated model. Our belief is that we want to offer the broadest selection of content to our customers, the best TV shows and movies across multiple platforms. Right now, we have 35,000 choices on VOD, 225,000 choices online, 8,000 choices on the iPad app, so we've got a lot of choices out there. As Brian said, we're improving the navigation experience.

And I think with regards to programming deals, we've done, as you mentioned, a landmark deal with Disney. We've got TV Everywhere with a number of other programmers. I think we're beginning to bring the experience to life. So we're very pleased with the progress, and we'll continue to deliver the content and the experience to our customers. Steve?

<A – Stephen Burke – Comcast Corp.>: From the content side, I think most of the big content companies now realize that TV Everywhere is important for content companies. The fact of the matter is anything that allows customers to get what they want when they want it and get more value out of their cable or satellite subscription is good for a content company that relies on cable channels for a lot of their OCF. And I think particularly in a world where you're seeing real numbers coming in from retransmission consent, it's important to have key broadcast product on a TV Everywhere basis as well. You'll see us do a lot of that with the Olympics.

How you actually get paid for that, whether it's bundled in the rate or whether there's a specific charge I don't think matters too much. I think clearly it's something that's providing more value for those cable channels, and we've got to make sure that we continue to realize that's at least for NBCUniversal and really all the big cable companies, that's where a lot of OCF comes from.

<Q – Phil Cusick – JPMorgan Securities LLC>: Thanks, guys.

<A – Marlene Dooner – Comcast Corp.>: Thanks, Phil. Operator, let's have the last question, please.

Operator: Our last question will come from Bryan Kraft with Evercore Partners. Please go ahead.

<Q – Bryan Kraft – Evercore Partners (Securities)>: Hi, thank you, just a question on the Cable Networks. It looks like the growth in distribution revenue is running at about 4% so far this year, and that's down from 10% last year. I just wanted to understand. Is the 4% more indicative of what this year will probably look like? And what do you think the opportunity is to reaccelerate affiliate growth as contracts come up for renewal? Thank you.

<A – Michael Angelakis – Comcast Corp.>: That number was affected by a one-timer in the first quarter of last year, so I think the real number is going to be north of 5% and not that 3.8% that we reported today.

<Q – Bryan Kraft – Evercore Partners (Securities)>: Okay, thanks. And in terms of I think when you announced the NBCU deal, one of the things you talked about was the opportunity to price some of the cable networks more in line with some of the peers of comparable ratings. Steve, as you go forward, how are you feeling about that opportunity to reprice the market as with we go forward?

<A – Stephen Burke – Comcast Corp.>: I think we have a real opportunity. If you look at the strength of our cable networks both in terms of ratings and just overall demand and then you look at our peers, I think there's no question that we have opportunity on the affiliate side, significant opportunity over time. We have opportunity in terms of retransmission consent. And then we have a major opportunity over time in terms of advertising. The fact of matter is a lot of our cable networks don't have the CPMs that they should have relative to their peers. And on affiliate and advertising, it's going to take time. It just doesn't happen overnight. But the fact of the matter is, I think given the ratings we have and the value we're providing to consumers and viewers of our networks, we have real opportunity over the next few years to get paid more for that.

<Q – Bryan Kraft – Evercore Partners (Securities)>: Thank you very much.

Marlene S. Dooner, Senior Vice President-Investor Relations

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

Operator: There will be a replay available of today's call starting at 12:30 PM Eastern Standard Time. It will run through Wednesday, May 9, at midnight Eastern Time. The dial in number is 855-859-2056, and the conference ID number is 64891388. 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.

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