MANAGEMENT DISCUSSION SECTION

Operator:
Good morning, ladies and gentlemen and welcome to Comcast's first quarter 2010 earnings conference call. At this time, all participants are in a listen-only mode. Please note that this conference call is being recorded. I would 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 2010 earnings call. Joining me are Brian Roberts, Steve Burke, Michael Angelakis and Neil Smit. As always let before we begin let me refer you to slide two which contains our safe harbor disclaimer and remind you that this conference call may include forward-looking statements search to subject risks and uncertainties. In addition in this call we will refer to certain non-GAAP financial measures. Please see our 8K to reconciliation of non-GAAP financial measures to GAAP. With that let me now turn the call to Brian Roberts for his comments, Brian.

Brian L. Roberts, Chief Executive Officer:

Thanks, Marlene and good morning, everyone. Today we are pleased to report a solid start to 2010. We achieved healthy financial and operating results in the first quarter driven by stronger customer growth, a rebound in advertising, continuing momentum in Business Services, and a steady focus on expense and capital management. This quarter we added 590,000 video high-speed Internet and voice customers, a 7 1/2% increase over last year's first quarter and we added more than 1 million RGUs as we continue to deploy All-Digital and also more customers upgraded or added higher levels of digital service.

The first quarter marked a real turnaround in advertising which helped our results in both cable and programming. While it's not clear whether we're entirely out of the woods on the economy, we are cautious and optimistic and are clearly executing better in this environment and against the competition. We attribute [ph] growth in revenues, operating revenue and strong free cash flow of $1.9 billion a growth of 38% even as we reinvest to build a better and stronger company.

Our results include ongoing investments in our products, in marketing and customer service and in new high-growth businesses like Comcast Business Services. We also continue to make significant progress deploying All-Digital and DOCSIS 3.0. We reached nearly 80% of our footprint with DOCSIS 3.0 reinforcing our leadership position in broadband. As we deploy this capability we are doubling the speeds to our existing customers and introducing new, higher speed services in these markets. Today we offer 50 mega bits speed service to 40 million homes where it's available and we'll soon begin to roll out 100 mega bit service. We are now actively deploying All-Digital in many of our markets. Recapturing and more efficiently using our band width. This project has dramatically increased our product offerings, particularly in HD television and foreign language programming. We now offer 100 or more high-def channels and doubled the amount of foreign language programming available to between 50 and 75 channels in each of these Xfinity markets.

As the year progresses we will also significantly increase the amount of content available on demand to nearly 20,000 choices with 3,000 HD options available to our digital customers each month.

These strategic initiatives, together with our focus on the customer experience, are beginning to bear fruit as we see lower volumes of calls into our system, improved customer satisfaction and retention. So across the board, I believe we're in a solid position as we begin 2010. Let me spend just one moment on NBC Universal. We're four and a half months into an approximate nine to 12 month regulatory process. We are well under way in the planning and once the transaction closes, we believe we'll be ready to execute. We remain very excited about the prospects of this combination and the opportunity to deliver the best entertainment experiences to our consumers and to drive value creation to our shareholders. So let me now pass to Michael to cover the first quarter results in greater detail.

Michael J. Angelakis, Chief Financial Officer

Thank you, Brian. Let me begin by briefly reviewing our consolidated results starting on slide four. Overall, we are pleased with our first quarter results reflecting solid execution as we continue to balance revenue, operating cash flow and customer growth, we remain very focused on expense and capital management.

First quarter consolidated revenue increased 3.8% to 9.2 billion and operating cash flow grew 3.5% to 3.6 billion resulting in a consolidated operating cash flow margin of 38.7%. This quarter's operating cash flow results include approximately 14 million of operating expenses related to the NBC Universal transaction. Which is included in our corporate and other segment. Excluding these costs, consolidated operating cash flow grew 3.9% and our operating cash flow margin increased to 38.9% from 38.8% in 2009.

As I have mentioned previously, in addition to revenue and operating cash flow, we are also very focused on free cash flow, free cash flow per share, and earnings per share as important metrics in evaluating the strength of our consolidated businesses. In each of these key metrics, our performance during the first quarter was very strong. We generated consolidated free cash flow of $1.9 billion, an increase of 38.1% versus the first quarter of 2009. Reflecting growth in consolidated operating cash flow and declining capital intensity. Compared to the first quarter of 2009, free cash flow per share of 67 cents increased 42.6%, and EPS increased 14.8% to 31 cents per share. Excluding total NBC related costs of 29 million this quarter, in tax benefits in last year's first quarter EPS would have grown 24% to 31 cents per share from 25 cents per share in 2009.

Let us review our Cable division's first quarter results in more detail. Please refer to slide five. First quarter Cable revenue increased 3 1/2% to 8.7 billion reflecting continued growth in high-speed Internet, voice and Business Services as well as a significant improvement in Cable advertising. Partially offset by a decline in video revenue. Total revenue per video customer increased 6.3% to $123 per month in the first quarter and reflects the increasing number of customers taking multiple products. At the end of the first quarter, 29% of our video customers took all three services compared to 25% at the end of last year's first quarter. We had stronger customer growth in the first quarter with 590,000 total video, high-speed Internet and voice customer additions. A 7 1/2% increase from last year's first quarter. This quarter's customer metrics were healthy across every product category. In video we lost 82,000 customers similar to last year's first quarter losses even though the RBOCs added 5 million more homes to their footprint and last year's first quarter included a benefit from the broadcast digital transition. In high-speed Internet, net additions increased 21% to 399,000 and in voice net additions were solid at 273,000 indexing at 92% of last year. Overall we are pleased with our customer additions in the first quarter, but please remember we are also heading into a seasonally slow second quarter.

For the first quarter of 2010, total video revenue decreased 1.8% reflecting the impact of fewer rate increases in the fourth quarter compared to the prior year. Importantly, video revenue did improve essentially by 1.1%, as we saw an increasing number of our customers add or upgrade to higher levels of our digital services as we had continued growth in advance services adding 353,000 advance service customers which now represent over 50% of our digital customer base.

High-speed Internet revenue increased 8 1/2% during the quarter reflecting strong unit additions in a slight increase in ARPU to almost $43 reflects the impact of rate adjustments. Our HSI customer mix also remains strong as we continue to add more than 2 1/2 times as many higher-tier customers than those on the economy level service. Our overall HSI penetration is now 32%.

Voice revenue increased 12.9% for the quarter reflecting continued growth in our customer base and a 3.6% decline in ARPU to $38 per month. We now have almost 7.9 million voice customers with penetration now over 16%.

As I mentioned, Cable advertising experienced a notable improvement in the first quarter of 2010, up 23 1/2% as compared to the 15% decline experienced for the full year of 2009. While the improvement was led by the return of the automotive category, we saw a solid recovery in almost every category. Steve will review this in more detail in a few minutes.

In addition, we continue to have real success in the small end of the business market with Business Services revenue increasing 49.1% to 263 million for the first quarter. We expect the momentum in the small end of the business market to continue and we also enthusiastic about the opportunity to develop our cell backhaul business and our capabilities to serving the midsized businesses. Please refer to slide six to review our Cable division's operating cash flow results.

First quarter Cable operating cash flow increased 4.1% to 3.5 billion. Our Cable operating cash flow margin remained relatively stable at 40.8%, a 20 basis point improvement compared to last year's first quarter. Total expenses in our Cable segment increased 3.1% reflecting higher programming and marketing expenses. Program expenses increased 5% this quarter reflecting the addition of new programming, contract resets, and a higher level of rate increases during last year's first quarter. We expect programming expenses to increase at a higher rate in subsequent quarters, though we continue to expect full year programming costs to grow at a slower rate than the 9% reported in 2009.

Marketing expenses increased 16% this quarter reflecting the upfront costs associated with the launch of our new Xfinity branding campaign and a continued investment in direct sales in the retail channel. We will continue to invest in marketing, though we expect the rate of increase to be more moderate for the remainder of the year.

We are constantly evaluating our cost structure to gain more efficiencies. And as a result, we continue to extract scale benefits in our voice and high-speed Internet businesses. Compared to last year's first quarter, our direct costs for voice declined 8.70% and our high-speed Internet costs were reduced by 1.2%. Customer service expense declined 5.2% and technical labor expense declined 4.3% in the first quarter as we benefited from lower activity levels, higher call automation and customer self-service as well as other efficiencies related to our Challenge 2010 initiative. These benefits were achieved even as we continue to expand the rollout of all digital and Wideband to a majority of our markets.

Given the economic backdrop, we've also been very focused on delinquencies and bad debt expense and are now seeing bad debt expense decline for three consecutive quarters. Please refer to slide seven so we can review our capital expenditures for the quarter.

In the first quarter of 2010, capital expenditures decreased 20% to 925 million representing 10.1% of total revenue. The level of CapEx spend this quarter benefited from timing as we accelerated some equipment purchases in the fourth quarter of 2009 to take advantage of favorable tax treatment related to the economic stimulus and also attractive vendor discounts. In addition, the decline in first quarter Cap-ex was a result of improved efficiencies, lower spend in new construction and favorable infrastructure and continued reductions in equipment pricing.

Over the past three months we deployed 3.2 million digital set tops and adaptors including almost 2.6 million digital adaptors in support of the All-Digital rollout. We have now deployed approximately 9 million digital adaptors since the inception of the All-Digital project. This quarter we also deployed almost 600,000 advanced HD and/or DVR set tops as we added 353,000 advanced service customers in the first quarter. We now have more than 9.5 million HD and/or DVR customers equal to 50.5% of our digital customer base and 41% of all video customers.

Looking ahead, we expect CapEx will increase from first quarter levels and as we continue to invest to sustain momentum in Business Services and develop its efforts for midsized business and cell backhaul. With approximately 80% of our footprint now Wideband-enabled we've substantially completed our Wideband project but we will continue our rollout of All-Digital and expects to substantially -- substantially complete this project by year end. For the full year we continue to expect our capital expenditures will be lower in absolute dollars and as a percentage of revenue when compared to 2009.

Please refer to slide eight. Our priority for allocating capital remains the same. To profitably invest in the operating and strategic needs of our business. We will continue to deploy capital to our businesses that provide attractive incremental returns, enhance our competitive position, and deliver sustainable organic growth. Our discipline and returns-focused approach to capital expenditures has helped drive significant free cash flow generation, and as I mentioned previously, this quarter's free cash flow increased 38.1% to 1.9 billion and free cash flow per share increased 42.6% to 67 cents. When we consider potential acquisitions or any external investments we remain extremely disciplined and execution oriented, focus on the opportunities that extend our services or add features that allow us to build complementary revenue streams.

During the first quarter, we closed two small transactions, Simko and NGT, to accept support the expansion of Business Services. Both of these acquisitions will accelerate our efforts and provide us with operational and technical expertise. However, our primary focus is to continue to grow this business organically. In addition, in 2010, we expect most of our MNA energies to be spent on planning for the NBC Universal transaction. Reflecting our strong commitment to returning capital directly to shareholders, we repurchased 19.2 million of our common shares per $300 million in the first quarter. As of March 31 we had approximately 3 billion of availability remaining under our share repurchase authorization and as we have previously indicated we continue to continue this repurchase subject to market conditions by the end of 2012. Also during the quarter we paid a cash dividend totalling 268 million and today we paid our second quarterly dividend totaling 267 million. The combination of dividends and stock buybacks results in a total payout ratio of approximately 50% of our last 12 months free cash flow. And based on our current stock price this combined return of capital represents in excess of a 4% yield. OK, let me turn it now to Steve.

Stephen B. Burke, Chief Operating Officer; President, Comcast Cable Communications

Thanks, Mike. As you just heard we're pleased with our first quarter performance. We're executing well effectively balancing financial and customer growth. Financially, we increased top and bottom line growth compared to the second half of last year and on the unit side we saw strong results across the board, particularly impressive considering that last year's first quarter included some activity related to the country's digital transition. Beginning with high-speed data we had a strong quarter. Our net adds of 399,000 marked the second consecutive quarter of year-on-year unit growth for this service which is tremendous given the fact that this service is over 10 years old.

We think there are several factors behind our success. First, we've largely completed our DOCSIS 3.0 or Wideband rollout which enabled us to increase speeds. We have real product superior over DSL in most of the country and believe this is translating into significant share gains. Second, as we gain new customers, we're also seeing fewer disconnects with our existing customers and not just in our data service. We think our product and customer service investments are resulting in improved customer loyalty. We also continue to see more of our customers sign up for higher speed offerings. Currently, over 20% of our customers subscribe to higher speed tiers at 16 meg and above. We're excited about this given the incremental revenue potential and the distinct competitive advantage we have at these higher speeds.

And even as we complete DOCSIS 3.0 we're continuing to deliver more value added products and services for our customers in the future. We've now launched wireless to go in five markets -- Chicago, Portland, Seattle, Philadelphia and Atlanta -- and we'll be adding two more major markets during the second quarter in Boston and Houston.

Turning our attention to video, our all-digital effort is now 43% complete and we're currently active in about 70% of our footprint. Our rollout pace is right on plan and as we said before, we expect 80% of our systems to have made the conversion to All-Digital by the end of this year. Our All-Digital conversion is a major initiative for the company. In addition to the product enhancements, including more standard def and high-def channels we're already starting to see real operational benefits. After going All-Digital markets can automate many connects and disconnects that previously required manual intervention. In Portland, Seattle and San Francisco, all markets that completed their conversion during 2009 were already realizing significant savings and in these markets we've eliminated about 25% of truck rolls associated with connect and disconnect activity. While not all markets are equal, we estimate these early markets will generate up to one incremental points of operating cash flow growth over time just based on these financial savings.

I've mentioned before that about 80% of customers self-install the digital adaptors used in our All-Digital efforts. There are significant opportunities to drive down costs as we offer customers more opportunities to help themselves. We continue to focus on enabling customers to do self-installs and we're driving more self-installations across the board in other products as well.

We're also seeing some early signs of revenue lift in markets that have converted to All-Digital. For example, we're seeing an increase in pay per view revenue because when people convert to All-Digital and we complete our market conversions, all customers except for lifeline basic customers, will have a digital set top box in their primary outlet enabling them to access our guide, watch VOD and order pay per view movies? We're also seeing early signs of reduced theft of service, particular customers who previously paying only for lifeline basic but accessing higher priced offerings.

In addition to our All-Digital efforts our focus on the Triple Play is working and we actually had the highest Triple Play selling in the last 12 months during the month of March. As mentioned previously our disconnect activity has improved with churn better across all products this quarter. While it's early this trend is very encouraging given the economics of retaining customers versus going out and getting new customers. We attribute this reduced churn to three major factors: First, there's no doubt in our minds that our products and services are better today than they were a year ago. Product enhancements, improved reliability and a better customer experience is resonating with our customers. And as we roll out our Xfinity media campaign, customer awareness is growing.

Second, based on improvements in credit screening and qualification and with better economic conditions, we're realizing fewer nonpay disconnects.

Third, while the marketplace remains highly competitive, the pace of the RBOC expansion has begun to moderate. Moving on to Business Services, we continue to have strong momentum in this business. We're now generating over $1 billion in annual run rate revenue and we continue to drive strong growth rates in the 40-50% range. At the same time, we're growing our cell backhaul business and are putting the building blocks in place for the medium-sized business market. We're hiring additional sales and support staff this year and we're in the early stages of an exciting opportunity in medium-sized business just as we were several years ago in the small end of the business market.

Lastly, moving to advertising, you may recall from the last call that we mentioned some early signs of strength in our advertising business as we ended 2009. The good news is that advertising has continued to strengthen into 2010. The 23% growth in ad revenue for the first quarter that we achieved was our first quarterly growth since the first quarter of 2008. And the turnaround in this business has been dramatic. Particularly compared to last year's first quarter when advertising went backwards 23%.

Pacings continue to improve and we're cautiously optimistic as we head into the rest of 2010. As Mike mentioned the strengths in ad sales that be fairly broadly base & we're seeing improvement across many areas including local, regional and national, and while we're seeing a pickup in automotive advertising we're also seeing it in many other categories such as restaurants and retail which also posted double-digit increases. We're also seeing advertisings strength in our programming businesses. Ad revenue is up 6% this quarter compared to an 8% decline in the first quarter last year driven by real rating strengths at our entertainment networks but also fundamental strength in the advertising market.

In the first quarter, E and G for both had their highest quarterly ratings in their Ohio River history and style had its highest first ever quarter total viewership. The scatter market is very strong and we're optimistic about continued strength for the rest of the year. In conclusion, we had a solid first quarter and are in good shape for the rest of 2010. We think we've struck the right balance between unit and financial growth. At the same time, we continue to make good progress on our strategic investments such as all digital, Xfinity and Business Services and are already seeing signs that these investments are paying off. Now let me pass back to Brian.

Brian L. Roberts, Chief Executive Officer

Thanks, Steve. Before we take your questions, I'm pleased to formally introduce on this call Neil Smit, who is President of our Cable Division. As we mentioned previously, one of the most important new things that I think have happened in the company's last 90 days would be the recruitment by Steve and myself of Neil to Comcast to complement the fabulous team we have in the Cable Division, also, then, freeing up a lot of Steve's time to help with the integration of NBC Universal.

So on Monday morning, the day Neil started about four weeks ago Steve and I both showed up in Neil's office to see how he was doing on his first day of work, his family isn't quite moved to Philly yet, moving in a few months, asked Neil, "What's going on, what did you do yesterday when you got here?" He said, "I came to office and I listened to customer phone calls" which somehow he had around to be able to do and I said to myself I think we got our guy, Neil?

Neil Smit, President of Cable

Thanks, Brian. In the last month or so, I spent most of my time out in the field meeting our teams. I've been to all our divisions, the majority of the regions and a number of call centers and data centers. My broad impressions are that first, we've got great people out there that are smart, enthusiastic, motivated and want to win.

Second Steve and the senior team have worked hard to put growth platforms in place that will enable strong future growth. We've rolled out over 9 million DTAs, launched DOCSIS 3.0 to over 80% of our footprint, built a thriving Business Services enterprise, and Challenge 2010 has streamlined processes which speeds up our time to market. I think that my job is now to leverage these platforms and processes to drive profitable revenue growth and to really focus intensely on transforming the earned-to-end customer experience. I came to Comcast because I think the company is well positioned to define the future of the industry and I'm looking forward to working with Brian, Steve, and the rest of the senior management team to accomplish just this. Marlene, back to you for quay.

Marlene S. Dooner, Senior Vice President, Investor Relations

Thanks, Neil. Operator, let's open up the call for quay, please.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions]. Our first question comes from the line of Jessica Reed Cohen with Banc of America Merrill Lynch please go ahead.

<Q>: Thank you very much. I have a couple of questions, I'll just throw them all out. You guys have mentioned the medium-sized business several times on the call and I was wondering if -- and you haven't really changed your revenue forecast for 12 from the 2 1/2 to 3 billion-dollar range. Can you provide any updated targets given the size of this market? Second, on NBC Universal, can you give us any update in terms of expectations for timing of the close? And as you go through the integration process, could you talk about any new business opportunities that you found? And then finally, my final question is: Can you give us any update of progress at Canoe, thanks.

<A>: That's probably four questions. Let me see if I can answer a couple of them. Canoe it actually progressing quite well. We're really concentrating on any activity that will drive off the EBIF platform that the industry's rolling out and actually, I think in June, we're going to have about a 7 million subscriber footprint throughout the industry and that ramps up to 20 or 30 million pretty quickly. So we're pleased and really focused with that in terms of Canoe. On the medium-sized business front, the medium-sized business overall size is about the same as the small business overall size. So it's a very substantial opportunity. And we've spent a lot of money on staffing up which is embedded in the numbers. Starting to spend real money in terms of capital to sort of equip ourselves for that business. We haven't yet said this is exactly the size of that opportunity which was your direct question but it's substantial and you could argue the overall market is the same size as the small business market that it's an equal attractive opportunity.

<A>: I think on NBC, there's not much we can say, Jessica, except that yesterday was another good milestone in the progress which was a, we're able to access the capital markets in a very successful offering of about four, I think $4 billion of the financing, long-term financing that we need at the NBC U level. I think over subscribed and a very successful offering. We -- on the timing, you know, we're -- we're still hopeful later this year. We've put in our public interest filing at the FCC. We've completed or had four congressional hearings. We've had the beginning of the documentation phase with the department of justice and, you know, things are on track there. I think, as business opportunities go, you know, the only real comment I think we could make specifically about NBC is that it appears the advertising market has really turned around. It's not just one segment. Clearly automotive is very robust. The overall health of advertising appears to be very pentup demand and I think bodes well for the timing of the transaction for Comcast in terms of when we chose to make the investment.

I also think, you know, without getting into it in great specificity, we've all read and seen a lot of transactions involving retransmission consent in the last six months. And there's real, I think, understanding that there is cash being paid and value being created and we hope to play a constructive role in finding a way that that can happen over the industry, over at least our share of Comcast and not be super disruptive.

So, again, I think nothing but good developments and, you know, we're in the middle of the process.

<Q>: Thank you.

<A>: Thanks, Jessica. Operator let's have the next question, please.

Operator: It comes from the line of John Hodulik with UBS. Please go ahead.

<Q>: OK, thanks, good morning, guys. It looks like the strength in the broadband numbers were one of the highlights in the quarters and you appear to be taking market share and driving ARPU.

In your guys' opinion, has broadband reached a tipping point where you're seeing less competition or just the strength of the product is so far overshadowing DSL that you can expect to do both of those things for the foreseeable future. If you could just comment on that, that would be great.

<A>: Well, I think one of the real striking stories to me is after over a decade in the high-speed data business that our growth is accelerating and businesses normally don't do that. They reach a maturity level and your net adds slow down and that's what was happening with the high-speed data business until about a year ago and then we and other Cable companies, frankly, have started to reaccelerate our net adds, and I think in each of the last two quarters our net adds for Comcast alone were as much as the entire big RBOC footprint combined. We ask ourselves what's going on there. I think there's a bunch of different things. The most important one for me is the need for very, very large broadband capacity which is probably related to video consumption on the Internet but also related to gaming and other things seems to continue to grow steadily and we made our investment in DOCSIS 3.0 and really making sure that in the majority of the country something like 75% of the country our speed is just so significantly superior to DSL that that really shifts the competitive balance and I think we're -- there are a bunch of different factors that measure into our 399,000-subscriber high-speed data add for the quarter but I think there's something going on because we've noticed in previous quarters that the other Cable companies are seeing similar results and I think once these trends start to happen they tend to continue for a while and hopefully they will in this case.

<A>: One other point that I'd make is you're seeing new devices all the time. We've said for a while we think video over the net is more friend than anything else, and if you just take an iPad for those that are early adopters, only with wi-fi, it's fantastic because that wi-fi goes to your broadband, and you're now able to consume more, enjoy more, use many more applications of yet again another device but it all starts with who's got the best broadband. And I think the investment strategy has been and continues to be to both the technical level, at the consumer branding level to put Comcast in a position we have a superior broadband and that's the strategy that we've laid out for several years.

<Q>: OK, thanks.

<A>: Thanks, John. Operator let's have the next question, please.

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

<Q>: Yeah, I just have two questions maybe for Mr. Schmitt. I guess some of the European operators that we've looked at in the Cable industry have elected to use DOCSIS 3.0 as a way to gain even more share as opposed to, you know, capturing incremental ARPU for the less price-sensitive users. Have you looked at all of their results and do you think there are any sort of potential changes in the way that you position DOCSIS 3.0 here in the U.S. for Comcast?

<A>: Well, as we said, DOCSIS 3 we've rolled out to about 80% of our footprint. I think as Steve mentioned, the speed is a real factor and I think that's what's driving the numbers. I also think we're seeing a good mix of the higher speed tiers so there is a consumer trend there. With regard to Europe specifically, I think it's a similar trend in terms of the need for speed. And I think we'll continue to make investments in the rollout of DOCSIS 3. And I think it's also important to link the speed with what you get for that speed, you know, can you stream faster, can you play games better, getting better quality so I think it's not just speed for speed's sake, it's also combining it with the features and functionalities that go with it.

<Q>: Can I just ask a slightly separate question? I guess some of the disclosures that used to occur over a Charter, it suggested there was a fair amount of the CapEx budget that was actually at least within the CP category that was capitalized labor. Do you see any risk at all as the CapEx numbers come in that that labor flows on to the income statement hurting margins or is there another sort of activity coming out of the system given what you talked about in terms of the reduced chuckholes that that's not really a risk two or three years down the road?

<A>: Jason, it's Michael. I really don't see that as a risk. We've been managed, obviously our capital as well as obviously our labor expense and been taking cost out as activity levels decrease.

<Q>: OK, thank you.

<A>: Thanks, Jason. Operator, let's go to the next question, please.

Operator: Our next question comes from the line of Spencer Wang with Credit Suisse, please go ahead.

<Q>: Thanks, good morning. So as your broadband business has accelerated, the, I guess, other side of the coin is video revenues declined as mike mentioned year-over-year I think the second quarter in a row. I was just wondering if that was a function of maybe timing of video rate increases which may get stronger over the course of the year or if there's something else going on. And then Mike if you could just speak to the voice ARPU decline which seemed to accelerate in the first quarter and give us color on that that would be great, thank you.

<A>: On video ARPU, let me start, and I'll pass to Mike. We made a decision which I think we talked to on previous calls to not take price adjustments in a lot of our markets, you know, a year ago. And clearly part of the revenue ARPU situation in video is relating to that. We are now taking price adjustments and have been for about a quarter in the normal scheme of things so that will -- that portion of video ARPU as you get in the second, third and fourth quarter of this year will start to resell rate but part of what's going on in the video business overall is we're losing subscribers, we lost subscribers in each of the last four quarters and that puts a drag on that business. Thank goodness we invested in all of 9 other businesses and increasingly we looked at overall ARPU being up, I think, 6% for the quarter as the real way to measure a business that, in total, encompasses, I don't know, half a dozen business lines be not just video. Video's the biggest, we'd like revenue to go forward in all the businesses but thank goodness we have the others and overall we think the most important metric is looking at total ARPU which went up 6%, Mike.

<A>: I agree with everything Steve has said. And also, Spencer, I think it's important to look at sequentially. Sequentially, actually, video revenue increased as well as video ARPU increased. And I think as Steve said we hope to see some acceleration in that as we move in this year. With regard to voice the primary decrease is related to bundling we continue to bundle aggressively with regards to voice, we are increasing the number of customers that take three products and that has had an impact on voice but still, voice is doing terrifically well and we're happy with the progress.

<Q>: Great, thanks so much.

<A>: Thanks, Spencer operator let's go to the next question, please.

Operator: Our next question comes from the line of Doug Mitchelson of Deutsche Bank. Please go ahead.

<Q>: Thanks so much I'm going to try to keep up with Jessica and ask a few questions. Given your comments about broadband service and increasing video usage at what point more chance to your broadband service, I know you're just getting that how far out how easier is that getting to be how easy or difficult would that be, Neil improving end to end customer experience, would you share the two or three most important initiatives in that regard that you're focused on from the get-go here and lastly, Michael, last time CapEx was this low was 1Q '06, Cable revenue is about 56% higher since then, it's a great number, it was a little over 4 billion of CapEx in that year, I mean, are we headed toward the 4 billion range after the investment cycle in the last three years?

<A>: Okay, well, there were a loot of questions and I think a lot of different people on this side can answer each one of them. Let me start on the amount of our capacity that's dedicated to broadband. I think the real -- thing to really focus on is we have over the last year or so now got -- close to half of our footprint has converted to All-Digital and that conversion is really strikingly fast. We've said we're going to be -- you know, sort of the majority, vast majority of our footprint is going to be All-Digital by the end of this year, so that's only seven or eight months from now. Once you go All-Digital you free up a lot of capacity. And there's no question in our minds that we have plenty of capacity to continue to increase broadband speeds in advance, as we have been doing, in advance for the applications that are there for them. We're sort of -- we have so much capacity right now we're actually looking for bad width intensive uses like 3-D video and high-def video and other kinds of things and do whatever we can to stimulate that market so I think if we weren't making that digital conversion, you know, at some point, and it would still be a number of years off you'd say where are we going to get more capacity but once you make that conversion I think we're going to have plenty of capacity for years and years to come.

<A>: Just -- the other point is, as you know, the last mile is only part of the total experience that the customer gets on broadband. So you have to look at note splits and what's going on with the rest of the Internet but Cable Labs is working on initiatives that go, I just read one that supposedly is multigigabits. So we are on a long-term journey here, consistent with the strategy we talked about a moment ago. Neil?

<A>: Yeah, I think with regards to customer service and my focus on that, I think there are a few real opportunities there. One is the self-service side of things. The customer, I think, and many customers would prefer to get their service online, whether it's billing or self-scheduling appointments or whatnot. So we're going to spend a lot of time on that. I think the other -- other area is first time resolution, I think whether it's on the phone or an install or service call I think, you know, if we can get our reps focused on getting it right the first time that's a real opportunity. And then finally, having been out to the field, I've been out to all the divisions and most of the regions and I think there are just some great things going on there. I think truck rolls are down and repeat trouble calls are down and our think customer first scores are going up so there's a lot of great work going on throughout the business and I think there's an opportunity to share those best practices that are happening. And I've been really impressed with the focus that we do have on customer service. I mean, it is part of the bonus metric for a lot of people. And I think Steve's made a lot of progress on that front and it's my job to leverage those things and even increase the focus more.

<A>: I don't handle CapEx, we've been really pleased with how the teams have managed our capital program. That being said, we do expect capital expenditures to increase a bit in the second, third and fourth quarter. The first quarter was a bit low's mentioned because we accelerated some in the fourth quarter for the economic stimulus effort. That all being said, we clearly expect capital intensity to come down both in absolute dollars and percent of revenue this year so I think we're on a trajectory.

<Q>: Thank you.

<A>: Thank you, Doug. Operator, let's go to the next question, please.

Operator: Next question comes from the line of James Ratliff with Barclays Capital. Please go ahead.

<Q>: Morning folks. Couple questions. First of all, in regard -- you just won the BitTorrent case. Is that likely to affect how you actually run the business to day? And also any thoughts on -- commentary on potential reclassification of broadband under title two? And secondly, in regards to Xfinity what sort of benefits do you expect to get out of rebranding, how are we going to see this translate? Thanks.

<A>: Well, let me start with Xfinity for a moment and let's just say we've made so many improvements whether it's speed more choice on demand and as Steve described when you go All-Digital you get back a lot of band width so having literally 100 high-def channels, many foreign language channels, international programming it's a different experience for the consumer so market by market, as we get far enough along then they become a Xfinity market and I think over time we're going to plan to add many more features and improvements to the Xfinity experience and we're pretty excited with how that started. And perhaps part of what you're seeing in the strong subscriber momentum across all the various product categories. You know, no, the very specific answer is no, our behavior's not going to change as well as the bit ant decision. We've said that repeatedly. This was a very specific question about really due process in our opinion and whether there were any rules and what they were and -- and whether we had been given any opportunity to talk about it. We've changed that practice long before there were any FCC rulings whatsoever and we haven't had any recurrences. So regarding future regulatory actions, you know, we continue to want to have a constructive dialogue with all of our regulators and the FCC in particular to try to find ways to have customers comfortable and knowing that investment is going to continue to flow and at the same time that they're going to continue to enjoy the interstate Internet experience that they have that's really powered all the innovation that's happened in the last 10, 15 years.

<Q>: Thank you.

<A>: Thanks, James. Operator, let's go to the next question, please.

Operator: Our next question comes from the line of Mike McCormick with JPMorgan. Please go ahead.

<Q>: Hey, guys, thanks. Can you make some comments regarding the economy and your markets and opportunity maybe for housing rebound, consumer demand for advanced service and also maybe some comments on the economic impact you're seeing in the small and medium-sized business markets?

<A>: Well, I think it's fair to say that housing -- we don't think housing has picked up in any kind of material way in our markets. Neither on the new home side or the resale side. We're not economists but we certainly don't see that picking up. It's not getting worse. And when you're doing comparative analysis first quarter '10 versus first quarter '09 it's not getting worse and maybe it's slightly better in some markets, but we don't think that's a material impact. We do think there's a modest impact on advanced services, pay per view, high-def, takeup. People appear to be a little more willing, but it's not a dramatic thing. The only dramatic thing that we're seeing is advertising and I'll just give you our slice of it here in local Cable ads, in local, national, and regional Cable ad sales, not the content that this is like versus an E [ph], we were significantly negative a year ago, we were down 23% the first quarter of '09. That situation was still negative in the second quarter, third quarter and fourth quarter although it improved slightly during the year and to be positive 23% in the first quarter of 2010, I think is a big, big move, a big shift. And the good news is it's very broad. It's local, regional, national. It's almost every category that's big that we track. And it, you know, appears to be continuing. And it's a little scary when you're down 20%, you wonder whether this business is ever going to come back. Has it gone to the Internet, is it a new -- new low-water mark that's going to stay forever and the good news is the majority of it appears to be coming back. A lot of, a lot of breadth and depth to it and it looks like it's going to continue. And as we've mentioned this is an even numbered year with political on the back end. So once you get into the third and fourth quarter not only do you have these positive trends, hopefully they're going to continue through the year but then you layer in political so that I think is a very striking indication that maybe companies are feeling better about their prospects and prepared to spend. So I think in general whereas six months ago we weren't really seeing many signs of economic activity, we're seeing modest positives and then when you get to advertising real positives.

<A>: Just to add on to that, you know, the indicators obviously are local, national and regional advertising which Steve mentioned, event service subscriptions which are up about which we're happy about and certainly delinquencies as mentioned in my comments delinquencies are down year-over-year and have been down for a few months so we are -- best way to describe it, I think we're cautiously optimistic.

<Q>: OK, then just on the small and medium-sized business market?

<A>: You know, it's interesting, the small or medium sized business market was less affected by the bad economy than we would have thought and maybe that's because we're so early in the, you know, sort of maturity of that business and maybe also it's because one of our points of differences is price but we did better when times were bad than we thought. That business, I think, this quarter, revenues were up 49% so, I mean, that -- can't, can't grow too much faster when you're a billion dollar business than 49% during a quarter, it's hard to say whether the improving economy is materially impacting that.

<Q>: Was Simko any material impact on that growth rate.

<A>: No.

<A>: No.

<Q>: Great. Thanks, guys.

<A>: Thanks, Mike. Operator let's go to the next yes, please.

Operator: Next question comes from the line of Craig Moffett with Sanford Bernstein, please go ahead.

<Q>: Hi. One of the concerns we've talked about a lot is how much cost the consumer can bear. It's been a while since, Steve, I asked you what was going on in markets like Detroit but can you just update us in the -- in the really hard-hit markets, sort of post--- post-worst of the recession what do those markets look like today? And what did we learn in -- in -- versus, you know, with respect to ARPU, video, adoption rates, and core-cutting and those kinds of things?

<A>: Well, um, there's obviously a lot of different ways to slice our markets. You can do Verizon markets versus AT&T, you can do markets where we've launched All-Digital versus not All-Digital. And I think in general what we're find something a pretty broad-based strengths in high-speed data doing better on basic subscribers net of -- net of the digital transition. And also, as we are taking rate increases this year that we didn't take next year those rate increases don't seem to be generating a lot of customer defections. And so really, I don't think there's any sort of trend that hard-hit cities are doing worse than not hard-hit cities. We have a lot of urban areas, as you know, you know, we have Detroit, we have, obviously, Chicago, Philadelphia, Atlanta, Boston, a lot of urban areas, and I don't think there's any real trend there, positive or negative.

<Q>: Is the price of entry in the video market sort of a concern, you know, the -- the cost of a basic package and what it costs, does that -- is there any way that you can sort of get at that to try to address the issue?

<A>: If you look at a Triple Play bundle that includes phone, people -- people who are coming into a Triple Play bundle who previously were getting video, voice and maybe data from separate suppliers are saving a lot of money. So a $99 Triple Play bundle for someone who is really worried about their paycheck is a pretty good deal and so I think that mitigates some of that sort of economic concern but, you know, also one of the things you have in a bad economy is if you take the cost of your video subscription and divide it by 30 days it's pretty affordable entertainment.

<A>: I also think that, frankly, the main number to look at Mike hit earlier is overall ARPU to our company is up 6%, the fact is overall subscriptions to the company, the number of total products excluding digital, it's up half a million, including digital it's up a million. It's an acceleration, as Steve talked about in the broadband category, we're doing better against the -- in the video space, against the competition, which we have something like 5 million more homes that we're competing against this year and we doesn't have a digital transition occurring and yet we lost 80,000. So -- and I think if you add up and we'll wait and see how the quarter comes out for all the other providers but if you add up the total number of multichannel video homes in the countries all providers I think you'll continue to see that being very consistent number if not slightly up. And the time watching television continues to be steady or going up. So I don't see any statistics that would suggest any real major change. There may be some stratification going on but net net for Comcast we grew our revenue per customer 6% that's a pretty great number.

<A>: I think Brian hit it on the nose and also one thing we're watching really carefully is sort of our premium broadband service versus our economy service which we put in place a while ago in anticipation of, really, the economic downturn. We are really outselling our economy service two and a half to one or so because people are willing to pay for value and speed. And, you know, we see that across the entire country.

<Q>: Thank you, that's very helpful.

<A>: Thanks, Craig, let's have the next question, please.

Operator: The next question Ben Swinburne from Morgan Stanley, please go ahead.

<Q>: Thank you, good morning. One for Michael, one for Brian. Looking at the expenses, I guess last year you were able to hold margins in Cable you had program and costs up but the rest of the expense base you managed aggressively. This quarter programming and marketing were up but you've obviously done a good job on the rest of the expense base, I think X those two buckets you're flat year on year. Could you help us think about the rest of the year on the fixed costs side? Are you seeing real sort of secular changes in what it costs to run the Cable business because of the digital transition or your All-Digital project, are you reducing truck rolls, that sort of a permanent step function lower? And then Brian, you mentioned the iPad, and if you look at the apps. that are popular I think in the top 10 you've got Netflix and ABC just in case anyone needed any evidence that video was a popular thing to do on the iPad. TV everywhere is something we talked about on this call but it looks like we could go in a couple different directions, one is sort of every content company has their own app. and interface a la ABC orb the Netflix approach of aggregation which at least to me in my humble opinion is the best solution for the industry and for the consumer. Where do you think we are on that debate, do you think the content industry is trying to push the model toward the ABC where everyone has their own application and is that the right strategy or how do you see that playing out thank you.

<A>: Let me start on the Cable cost base and then I'll pass to Mike. I think there's a couple things going on. One, for the first time in a decade, our contact rates and truck rolls and calls into our call centers are starting to decline despite the fact that we have more customers. And that's -- there's a whole variety of reasons for that. A lot of it is we spent a lot of money making sure our plant is more reliable, we spend obviously, a lot of time and effort in the All-Digital markets which are starting to have reduced truck rolls and the sort of all of the activity levels are -- are declining and that's a very material change to a Cable company. And that historically we were always hoping that would happen some year but every year we were launching new products and it was always a new reason for people to pick up a phone and call and new issues we were dealing with in terms of reliability so that is a major positive and that's happening throughout many, many markets throughout all three products, contact rates are on a downward trajectory so that's a very positive thing.

The second thing is you're seeing benefits from a programming that we call Challenge 2010 which we put in place about a year ago, coming up on a year ago which is a sort of systematic way of trying to look at ways to make our business more efficient, to be able to move more quickly and also as a side benefit to financially have the business operate in a better manner. And many of those things you're seeing in our P and L as well, Neil, Dave Watson, Dave Scott, our entire management team are working on making sure that we continue that process. But you're right, when you put that all together on a very large cost base, if you take out programming and -- and, you know, even more so, if you take out marketing and some of the new initiatives, the overall cost basis is not increasing and that is helping us maintain our margin.

<Q>: Thank you.

<A>: I think Steve hit it and I think it's important to note that we also are obviously selling some pretty high margin products with high speed data and phone so that is helping. We do have an offset. We're making some real investment in Business Services like we've talked about. So overall, you know, the margin's been quite stable for a while and we are where we can taking cost out at the same time being more efficient so so far so good.

<A>: You know, I don't have any great revel lakes on your other question at this moment in time. I think that there's a lot of experimentation, there's not going to be one-size-fits-all solution to, you know, how different companies take on new technology, as people change their strategies as they go. The fact is we're proceeding with trying to find ways to get as much content available on as many devices as possible to our customers and do it in a way that is seamless and easy to authenticate and easy to take advantage of the services. Others are pursuing different strategies. I do think there's a general recognition that -- that we're in the early stages, that it's a nascent business, I think professional content legally procured by the consumer is a small percentage of YouTube and other services that are different but it's growing and these new devices are allowing it to be made available and, you know, I think so far it's proving to sell more broadband for us, it's proving not to take away from television, you know, just going back to consumer electronics show at year end, the buzz on the floor was 150-inch 3-D TV and a really small cell phone that was a smart phone. I think consumers want both ends of the spectrum and our job is to find a way to get them as much of the content as possible on all those devices.

<Q>: Thanks for the color.

<A>: Thanks not caller you.

<A>: Thanks, Ben. Operator, let's have the last question, please.

Operator: Our last question comes from the line of Marci Ryvicker with Wells Fargo. Please go ahead.

<Q>: Thanks. Going back to the SME segment, it sounds like you're still in the planning stage for medium-sized businesses. When will you actually start going out to get this business and when should we start seeing it contribute to revenue and cash flow? And then secondly, there's been a lot of excitement around 3-D. So how do you view this opportunity?

<A>: Well, I'm sorry if I gave the impression that we hadn't started on medium-sized business. We've started. We've hired a lot of salespeople. By and large, it's a different sales force, it's a different sell. We spent a lot of money on capital, starting to get markets enabled with a technology we call metro Ethernet. If you look at this year there's a lot of capital, a lot of expense and some revenue from that medium-sized business. The capital and the expense will outweigh the revenue in 2010. So it's an investment year. But we started in earnest in many of our markets.

<A>: Look, 3-D is very much at the very beginning of 3-D in the home. I think the consumer electronics companies just began selling the latest generation of 3-D TVs. That said, the incremental price required to get a 3-D TV is so much less. It's a fraction of what HD started at. So I think it will be, you know, not a big price point out over the next couple years. It does require glasses. So I don't personally believe people are going to sit there for seven hours a day or three hours a day and watch 3-D 30 days a month. I think it's a big event strategy. If you look at what's happened in the movie theater, movie business, they've been able to get a premium experience at a premium revenue for that experience and maybe our business -- there are business opportunities for us to deliver events in 3-D. We just had a very successful experience with the masters in 3-D. We demoed it all over the country. And I think it happened both on TVs and over the PCs. And one of the things I think we were the first with the masters to ever do a 3-D live broadcast over the Internet. And a number of people commented to me how great that experience is. And you can imagine 3-D gaming over the Internet where these PCs are already 3-D enabled if you have the right graphics card so, again, it's early, I wouldn't put anything in numbers for a little while here, but as the technology goes, this appears to be something that will put us in a great position to offer that to consumers and, you know, over time many of these events come out like a wow. And with "Avatar" and others we have seen it can be a wow for revenues because the consumer gets a better experience. We'll see.

Operator: Thank you.

<A>: Thank you, Marci and thank you all for joining us this morning.

Operator: There will be a replay available of today's call starting at 12:30 p.m. eastern standard time. It will run through Monday, May 3rd at midnight eastern time. The dialin number is 86421687 and the conference ID number is 63736904. This concludes today's teleconference. Thank you for participating. You may all disconnect.