

FINAL TRANSCRIPT

Thomson StreetEventsSM

CMCSA - Comcast Corporation at Merrill Lynch Media Fall Preview

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PRESENTATION

Jessica Reif Cohen - *Merrill Lynch - Analyst*

-- Comcast, the nation's largest cable operator. We believe demographics favor the likelihood that US Internet penetration will climb to 80%, if not 90% plus in the coming years versus only 60% currently. The opportunity to capture a large portion of new subscribers and to take share from DSL with its powerful Triple Play product present long-term upsides which includes video on demand, HD and DVR. With residential voice, the small and medium-sized business opportunity into active advertising and wireless all presenting a wide range of investment and strategic decisions, there is much to discuss today. It is a pleasure to introduce Brian Roberts, Chairman and CEO of Comcast.

Brian Roberts - *Comcast Corporation - Analyst*

Thank you, Jessica, and good morning. I feel like this is a kickoff of our big post Labor Day, coming back and talking with investors, talking about what is on people's minds, and I want to leave as much time for Q&A. But we have I think a presentation that tries to anticipate some of the -- there is our Safe Harbor disclosure -- okay. So as I have reflected and we have reflected on the second quarter, the events of the summer and the economy in general, let me begin with a question people have asked all the time which is are you happy with your growth rate? Are you concerned with competition, the economy? How is business, so on and so forth. And I think it gives us a chance -- we don't have any report, new results to report today. So you have to step back and ask yourself, okay, look at over a several year period.

Over the next several years, can you convince ourselves and do you feel you're going to have a sustainable double-digit growth model? And that is our goal. And I can sit here today and tell you we feel very confident that we can do that. And we will try to take you through that. But it comes down to the fact that we have superior products with high-speed data, On Demand, high-definition, high-definition On Demand, faster Internet on the horizon with DOCSIS 3.0, value as part of this proposition with our commercial voice and a compelling Triple Play, as Jessica just said. And all of that taken together is driving a revenue per subscriber growth and driving new RGU subscriptions.

A big advantage we think that we have is that we can do all that to 38 million homes. None of our competitors are able to offer the entire bundle to their entire footprint. That 38 million homes is roughly 80% of our footprint. And if some businesses do have competition or if some businesses do have some maturation, although I have to say I agree with Jessica's statement that over some period of time the Internet penetration in this country is going higher than it obviously is today. And I just look at my own kids and if they have to give up something I am not sure there is any scenario they would give up their high-speed Internet connection because it is so vital to how they live.

What have you got in the pipeline next? And we're very fortunate, and I will talk about small, medium-sized commercial business and where we are and where we're going, as well as interactive advertising and how we can participate. One of the things that is a drag on our business this year, which I wish was not the case is advertising sales are having really the worst year we've had in maybe forever. It is not an Olympics year. It is not a political year. But there is -- local advertising is suffering. We can talk about that. And we want to do something about it, not just for next quarter or next year, but something systemic and I think interactive advertising and changing the value equation that cable is uniquely positioned to do is one of our major goals.

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But this slide may well be one of the most important slides, and that is the look at how much we changed the Company in the last five and in the last really nine years. We have been able to average 12% revenue growth per customer in the last five years. And 75% of that growth is coming from new products. So if we sound like a broken record, new products, new products, new products. And the new products can offset whether its ASIC subscriber changes or advertising or things that you wish weren't happening from time to time.

But the question is can we maintain a growth like this, but this is really a spectacular chart. We're at 2.5 times the revenue per customer that we had just nine years ago, and we were only delivering one product. And of course you can see the blue is high-speed data and advertising is a small piece. And phone, which is really the next great driver of growth, is only at 6%, 7% penetration. High-speed data is only a 26% penetration. And so we believe that perhaps this chart doesn't keep going up to where next year we go to another 1.5 million growth on top of this. If we could just maintain, and I'm not here to tell you that that is what we plan to do but it is not going to be 2 million or 5 million. It is going to be around these numbers. Maybe it is 6.5. Maybe it is 7. Maybe it is 6, maybe it is 7.5.

The millions of the new products that you are pouring in what we like to call the top of the bucket, is not going to abate. And if that occurs, and you combine it with the fact that today we have 53 million subscriptions today to our products, I get that by taking 24 million basic cable, 14 million digital, 13 million data, 3 million phone. And you can add to it 6, 7 million a year. You are going to have a continuation of RGU growth, revenue growth which will power cash flow growth.

And beginning of the year we said that we are stepping on the pedals to grow RGUs as fast as possible. And if that drives higher capital spending and that hits free cash flow for this year, that is a decision we've made. The statement that I can feel very confident making is that 2007 we believe will be the high year for CapEx as a percent of revenue. We've made that statement back in investor day, and we are more confident that the silver lining to any of those first questions of competition or economy -- and I will get into each of them a bit -- but is that capital, is subscription oriented and any pressure that comes will abate the capital and hence the free cash flow growth rate will be better than it otherwise would have been. Personally I wish we could sell new products until the sky -- the trees grow to the sky. But in the real world if you can put in 6.5 million new products on a 53 million subscriber base, and you wake up tomorrow and all those people subscribe it is pretty hard to break this business model. And that is the message that I'm hoping that you will take away.

Again, perceived challenges and what is the reality. Well, let's start with competition, take the right side. First thing is our high-speed data product, we are doing two things. One, we have sped up the product. We've had some 30 enhancements of different products for our high-speed data customers. The biggest one being power boost and six megabits of speed. But we also have a high-speed product at eight megabits in competitive markets and other parts of the country, we go as high as a 16 megabits. But we are working on DOCSIS 3.0, and we will talk a little bit about that and what that means. But we see a roadmap to being the most competitive high-speed data product.

We are also considering introducing a low speed tier in some of our markets, and we are testing that as we speak. The sub one, 750 type speeds as an introductory way to get people to come up and buy the faster product. But our product in high-speed data is terrific. In commercial voice we are the price leader. It is our bundle that is the value. And that sort of bleeds over to the left side, which is okay, even if the economy softens and people look to cut back, are they going to get rid of television at \$2 a day? I don't think so. Are they going to get rid of high-speed Internet? I personally don't think so.

DVR which has all your favorite shows, not if you can afford it. And phone, the one thing you might say maybe they get rid of, well, we are the alternative. If anything maybe it helps people say I really want to save that \$20 or \$30 a month on phones and we may get a benefit. So and putting it all together in a bundle the Triple Play is really a value. So in the past cable hasn't always been a value play. But in these bundles we really are. So in the residential market space I think that the competition will be there. The economy may do whatever it is going to do. Both of those are beyond our control. But so long as we have superior products I think we are well positioned to be able to do what I said over the long-term.

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So let's focus where the products themselves are truly competitive. These are all the different things in digital where we launched on demand, launched DVR, launched high depth; we now have the broadcast shows. It is in constant improvement, we are close to 60% penetrated today. We had a big portion in the second quarter with the cable cards coming, and we wanted to roll out the inventory of the noncable card low-end boxes. That has created a lot of cost and a lot of service cost in the third quarter as well as in the second quarter. But I'm glad we are doing it. We are now close to 60% digital on a march to get to 80, 85%.

Digital customers churn less and particularly those that take our advanced digital. It also adds to ARPU, and you can see here that the mix of customers just in the last 12 months, we've been able to add 2 million, 1.9 million of that top yellow box. We have 2 million more DVR high-definition customers. These are our best customers, and we hope that end cost and capital, but these are stickier customers; when customers take multiple products they churn less. When customers use on demand they churn less and when customers have HD and DVR, they churn the least.

And so to be pushing more and one of our customers there and to have this kind of mix in digital I think bodes well. The On Demand product is really -- here is a quick update. We are now -- first time I can say that we reached 10,000 shows On Demand every month. We now have been able to make deals with all of the major broadcasters. In some form or another we have had 5 billion shows watched On Demand at Comcast since we launched this program; just 1.5 billion in the first seven months of this year alone. This is good and getting better all the time. The 10,000 represents 2.5 times what was available just two years ago. Satellite can't match this. 70% of our customers watch On Demand every month. And the average now 27 half-hour shows a month. That is 10 hours of TV viewing a month. It is here. It is even more than that, and this is how people want to watch.

As we begin ABC's new primetime season we've added Desperate Housewives, Lost; on other networks like NBC they are experimenting with using On Demand to promote shows so their big show, Bionic Woman and three other shows are premiering for free on Comcast On Demand two weeks before their two TV premieres in both HD and SD. We've come a long way in two years of how broadcasters are looking at the On Demand platform.

Our day-and-date trials in Pittsburgh and Denver with Universal, Warner, Paramount, Disney, Lionsgate, Fox and New Line. We remain optimistic. Warner Brothers, as many of you know, has released many movies nationally, same day as they release DVD. And in September alone We Are Marshall and Lucky You will both be day-and-date. We see this as again, a big technological shift in advantaging our cable business. This is all incremental, not cannibalistic to ourselves.

High Def. Our strategy on High Def is to not only have the best channels, but to also have the best shows and the best movies. And so this fall we are adding movies like Mission Impossible 3, The Queen, Transformers, Evan Almighty, Flags of Our Fathers, premier our primetime shows like CSI, all in High Def On Demand. Can't get that on satellite. And so that has allowed us to scream from the rooftops our leadership as a superior video product of High Def. And we've done two things. First of all, we are the largest provider of HD with 5 million plus customers. More than 36% of our digital subscribers and 20% of all our subscribers take High Def.

And it is growing, in recent reports estimate 80% -- if you believe the Yankee Group, by 2011 whether that is right or not, it is a growing category. And so as people go back and make new decisions do they want to buy a High Def set? And the answer will be yes. Who are they going to take as their High Def provider? So what we have been able to show is two things. One, we went out and did blind research. We found that the pictures on a side-by-side, two out of three customers reported that they preferred cable to any other platform. And secondly, i.e. satellite. And secondly is just pure quantity of High Def that we are able to offer when you have 195 shows, and here is satellite so each can put up our channel lineup. Today we have more. But then we go and when you're going through the grid and you can get any of these shows in High Def right now when you want them. Okay, you can stop now.

It's pretty compelling. And that is what we will be advertising, and that is what we will be demonstrating, and that is what we will be adding to because we are by no means done. If they take a multiplex pay and claim they have 10 more channels and we just take every show that is inside HBO On Demand and put our HBO multiplex and put it On Demand in High Def it blows away

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saying that you have more channels. So we think we can get the consumer to understand this. We think they like our pictures better. And we think we can win the race to stay ahead in High Def.

Moving onto broadband, we need to have the same kind of energy and innovation in our product. And as I mentioned, we have services such as PowerBoost -- let me see if this clicks. I don't want to take us too far. Let's go right there -- we have 1.8 to 1.9 million high-speed data customers that we've added in the last couple years each. We had about the same growth rate in the second quarter. Some others, the industry in general was maybe somewhere around 80, 85% of that growth rate. Some have pointed out that last year this time AOL went free, so perhaps the second quarter and third quarter last year were higher because many of those people who are getting free AOL began the conversion to broadband because they were sort of forced to go there because AOL was no longer their ISP. So whatever reason, whether it is maturation, one-time marketing things, the question I think needs to be asked is something so radically changed that you don't have confidence that you are going to add millions of more high-speed data customers over the next several years.

And we certainly don't feel that way today. So 200,000 subs here or there, across an industry where, across a company when you're talking about 6.5 million units coming in, a year gets overblown. And I believe you lose sight of how hard it is to change the business model of this Company. So yes, at some level it is maturing. But there are things that we are doing that would suggest that we have many years of growth ahead. So one of the things is DSL conversions. As you can see based on third party research, 58% of our net adds came from DSL. The more products get developed, whether originally it was just Napster to now it is iTunes to YouTube to Facebook to whatever we all are doing on the Internet. The more video happens, the more people need the best platform. And that is why we've been saying we think video is friend, and that we need to boost your speed. We need to have a platform that can grow in the future. And I think that one of the ways to do that is DOCSIS 3.0.

What we've done in DOCSIS 3.0, just start with that. They can help grow to 26% penetration, is to be able to have one platform the entire industry rolls out that takes the speeds to 200 megabits a second. And it is a path to get there were you bond together four channels. We will begin rolling that out next year. We believe that the specs are set, the manufacturers are building it, and it is very, very exciting to see this industry. Now you've got to go find channel capacity. Maybe you only use two channels or three channels and you can keep expanding as you bond more together. That can be done. You need to come up with applications. But again, if you just as with High Def, if what is first and foremost on investors' mind and on management's mind -- are you able to sustain your high ground position with the consumer? I think the answer is yes. Will the business grow in the future? We are only 26% penetrated. And these are some of the things that we can do. We are trying to build an online group. We call it Comcast Interactive Media. What is that about?

Well, rather than try to be all things to the Internet like a portal or search engine or give the business away to a third party like a Yahoo or an AOL, or an MSN, we have gone out and built Comcast.net. Comcast.net today is either a top 10 or top 15 site; almost every metric, whether it is page views, searches, and we have been trying to figure out how to extend what is Comcast.net do to be more relevant to our customers to accentuate the benefits of why you want to be a Comcast customer.

50% to 60%, 65% of our customers use Comcast.net. So to be a top 10 site and only have a minor fraction of the nation using it means they love what we do. And so we build a Fan to give you video, and now we are building something called Fancast, which will begin to have a cross platform benefit. So we are only focused, maniacally focused on an experience that will take advantage of all your Comcast products in the home. I want to program my DVR. I want to get some content off the Internet and watch it on my TV. I want my voice mail in one mailbox. I want to be able to do things on my TV that work on my PC. I want to set parental controls. Whatever it is, I want to search what is available on television and make my watch list. I want to be able to take it in a portable device. And at some point I want to take it wireless.

And so Comcast Interactive Media is focused on that mission. And I think we will become a national provider with a heavy focus on cross platform services. How do we pay for that? Well, when we went out and we did Comcast.net we sort of said well, we don't really want to just turn the business over to another company. We went out and we built it ourselves. We didn't spend that much money. And one day we went out and we ran a process to monetize Comcast.net last year. We got six guarantees from Google and Yahoo for different parts of the display and the search. And over the next five to six years we have a guaranteed

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revenue, in total cumulative of over \$1 billion. It depends on how well it performs; it can go up from there. And we have a total cost in Comcast.net that [itself] \$100 million. So that kind of return is the same thing we experienced in cable programming. Okay? Why just sit back and let others do it? Why not start a few of our own channels and whether it is E! or Golf Channel or Outdoor Life now Versus or Comcast SportsNet -- we think we can do the same thing with Comcast.net and Comcast Interactive Media.

But the real growth engine for the Company will be and is Comcast digital voice. In this year alone we said we would do 2.5 or 2.6 million net adds, and high-speed data last year was around 1.8 or 1.9 or 2 million net adds. So we've passed high-speed data already. This is no change to our business plan, but high-speed data will still contribute, I believe millions of customers. But CDV has the potential to go there. I don't know, 10 million customers or beyond, and we are only at 3 million today. And we are a value play, so as I said I do not think any economic slowdown should hurt us. The product is working really well, and we can argue over how fast and how much, but it is unique to have a growth engine like this in a company knowing that right behind it you're going to be able to go into the business market and do the same thing with the same platform.

So we announced at the beginning of the year that we are going to really focus on the business services market. We had about \$12 billion to \$15 billion of small-business defined as 10 lines or less in our footprint. Not all of that has cable in front of it. Our goal over a five to seven years is to capture 20% market share; we've hired 500 plus people to get ready to sell the product. We need to get an eight-line CDV phone that works. We have -- we think we are at the final stages of doing that by the end of this year, and we hope that in '08 and beyond to really be in a position to go out and market that product. Today we only have a two-line phone. And I think we are comfortable that it is doable. And it's done. We are getting the provisioning ready, and we are ready to launch.

Let me spend a minute therefore on the interactive advertising. I said earlier in the presentation one of the things that is retarding cash flow is ad sales. Fortunately, it is only 6% of our business. It is not really what our bread and butter. But nonetheless, you'd like to have more robust growth. Cable, if you could project forward 10 years and you could say today Comcast has 24 million basic customers give or take; what are going to have in 10 years? My crystal ball is no better than any crystal ball here. But I will make a statement that is, I believe, it is almost a sure thing. We'll have more video customers than any other provider. Whether that means we have less than 24 million, the same or more, who knows? It is -- for this purpose -- it is the same thing that happened to broadcast. If in the last 10 years broadcast television saw its ratings go down -- just say that that were to happen, yet they sell their advertising for more and they have a more robust business than they had 10 years ago, I would not have predicted that. I would have predicted just the opposite.

Cable will aggregate the most eyeballs and has therefore the best potential in interactive advertising of any platform out there. So the cable operators have formed together through CableLabs, to create an interactive standards that all the cable companies would roll out the same way we did with DOCSIS modems. And Steve Burke and Landel Hobbs and others are deeply involved in developing that interactive platform. We will have a set of specs. It will evolve just as DOCSIS has, and we are working with advertisers to understand what it is and if that platform gets developed or when that platform gets developed -- and obviously with our On Demand technology it seems quite possible to do this. In [various hard] and to get us all on the same standards will be even harder, if that is the goal of the industry that I don't think heretofore we've ever publicly been able to say we are working on this together. And that is as the Chair of CableLabs a major priority for me that we try to get this done and executed.

If that works, we can then have the aggregation effect, whatever our video market share is the way Google does in search. We can go to the broadcasters and say would you like to use this interactive platform? We can go to our competitors if we so choose and offer the same. And if it is a great monetization machine, value is going to anywhere to the cable operator who has this technology. So there is a real incentive, and again it is great to be able to say that of the \$290 billion advertising business in this country cable's share is less than 10%. That includes cable programmers and cable operators. If we can do anything to chip away at that huge market opportunity.

So we think that sustainable business model with 53 million subscriptions and more than 10% growth a year from the number of subscriptions; 6.5 million this year allows us to really be able to comfortably say our goal is sustainable double-digit. And we

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can't see how you break that; compare that into telecom, media, content, space. I wouldn't swap hands for any of those folks -- they have nice businesses and different sets of competition. Everybody has issues. If you can keep your products to be superior, then you can maintain this position. I think we feel comfortable with how we're going to get bandwidth to do more High Def, more High Def On Demand; combination of switch video. Better compression and some digital to -- analog to digital migrations. But we can manage our network and then to be in a position to see two new growth opportunities, not to mention the growth that is going to come from CDV, which will be I think powering the Company for the next several years. With that, happy to take your questions. Thank you.

QUESTIONS AND ANSWERS

Jessica Reif Cohen - Merrill Lynch - Analyst

I will start while the microphone is coming out. Can you discuss your wireless options? You are saying the options are coming up, you have to make a decision pretty soon. What do you think -- if you could just run through some of your options and how you're thinking about attacking the business.

Brian Roberts - Comcast Corporation - Analyst

First point is wireless continues to grow in this country in ways that have nothing to do with video. I told you a story -- I will be very brief -- I went to an apple store and I went to buy one of their new nanos this weekend and the salesperson, rather than having to wait in line just gave me the product, pulled out of their back pocket a little gizmo, swiped my credit card and I left. It has nothing to do with our business but somebody got some wireless tips out of that transaction. So wireless is going to continue to become a bigger and bigger part of how we live our lives. And that may not be core to where we are at, but may have implications to it as a business.

The portability is more important for us of your video content and any of your data and phone mobility. And so we are evaluating it. I wish I could sit here and give you a perfectly clean answer. I cannot. I don't think that we are going to go out and in the category want to go out and buy 100% of some big wireless company. I think I have said that before. So we are working real hard with other options. Our first option and our preferred option is to work with Sprint and to try to get that relationship right. I was just in a Sprint store, cold called it in Boston because I was there for other reasons. I walked in, the Pivot phone was in the window. I went in, I was wearing shorts and a golf shirt so I don't believe that the guy had any idea that I was there for any purpose. And I said how is that Pivot phone and the guy not missing a beat said it is Comcastic. That's the good news.

The bad news I was the only guy in the store. On that particular day at that particular time. So we've got to create more enthusiasm around that, and I think we are working really hard to make that our preferred option. At the same time life is long and controlling your own spectrum and controlling your own destiny may have real value to this industry and at the same time it is a great investment. If you look at the numbers being talked about in 700 megahertz per spectrum and look at what we got away with and bought in the last auction, I think we have done extremely well for our shareholders both strategically and just as a buying beachfront real estate and so it is a work in progress. I think we have a good history of finding a way to make good decisions when we are confronted with new challenges. Right now it is not affecting business. Triple Play, you can keep saying Quadruple Play but right today we are very satisfied if we can go out and sell 6.5 million new products and 2.5 or 2.6 million new phones this year; that is about as much work as we can handle, period. And I think we are on track to do that.

Unidentified Audience Member

Brian, you mentioned that you have 60% digital penetration. Your two competitors, 100% digital with analog broadcasting ceasing in February '09. Is that a good thing or a bad thing for you, and what are the implications on both the ARPU and the cost?

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Brian Roberts - Comcast Corporation - Analyst

Okay, I think historically it is a competitive advantage not to require every consumer to have a box on every TV set, both as a capital matter and as just a consumer. If you went and surveyed consumers many, many people would say I don't like that box. We try to make the boxes smaller. We now put cable cards in the boxes. So our plan A, and I think this is probably universally true for the industry, is not to require every customer on every set to have a box anytime soon. And the question is can you still have a robust analog product while satisfying the vast majority of your customers with an all-digital solution.

So in 60% of our homes, Dennis, we are all-digital. And although that is what it means to have a digital box at least for that TV. Today we have call it, 85 analog channels. So if we need to, and I'm sure we will, we will migrate a few of the analog channels to digital and free up some of that 85 and maybe reduce it to 80. Maybe someday reduce it to 75. With enhanced compression, combined with switch digital video that may allow you to offer 50 more High Def products on the other side of that equation or whatever, 10 more, 20 more and offer many more High Def On Demand shows or speed up your Internet. Or whatever we need to do with that bandwidth.

And so I think we are actually going to have the better picture quality for those that want the all-digital. That will be the majority; is already. And for those people in the third and fourth set something that I don't think a lot of people are factoring in on a digital transition -- raise your hand if you bought a new TV in the last two years -- that is almost the whole room. Raise your hand if you ever threw away a TV when you did it. Like 10 hands. TVs don't die. They go to the next room. And something that hasn't totally been thought through, I think, is what's going to happen to all those analog sets as they move to the bedroom and to the office and to the kitchen and to the den and to the bathroom and we go to four TVs per house.

And so having an analog offering doesn't require a box, even if it is not the old analog that you want in your living room with every channel and you've upgraded digital in one or two sets; may be a competitive advantage for our industry. What we've worked out with the FCC rule that just took place is that we are going to take care of our customers for the broadcast signals. So some of that -- a lot of that capacity will go to the broadcast signals -- that won't require a box. We will be using techniques like switch digital for some of the new products we want to offer and possibly some of the broadcast products. And it will be a different solution in every little market. It will be just what's happening in one town may not be what's happening in another town. But I don't think we are uncomfortable with where this is getting to. I think it is actually going to present a marketing opportunity as people revisit what to do and how to solve their household problems. Because if you're not connected to your satellite customer and you're not connected to something, that TV is useless. That fourth TV. So we are focused on how to really jump on this and this was a big milestone to get past. And what didn't happen was a requirement that we carry all the multicast signals that broadcasters might want to offer, which would have been very disruptive.

Unidentified Audience Member

Any comment on Sprint and Clearwire's plans for national deployment of WiMAX? And how significant do you think that will be on your business going forward? Thanks.

Brian Roberts - Comcast Corporation - Analyst

Well, I think Sprint and Clearwire both gone out of their way to say they hope to work with the cable industry with that plan. I don't know that they've signed their final agreement yet. And so not sure of all the details. We will learn as we go. But both parties have reached out to us very appropriately and very enthusiastically that they are hoping that this will be part of that competitive advantage that can make the relationship we have work. They have obviously addressed the fact that Clearwire has a satellite relationship. But apparently that doesn't go to products that they are talking about making. And it is an opportunity to have a new start.

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So I don't know what I don't know, and haven't really definitively done it. Potentially having an entrepreneurial company led by Craig McCaw helping, we saw that when we were an investor in Fleet Call and what he did for Nextel for a while. He understands the space and maybe there will be a way and they have certainly reached out and tried to say we think there is a partnership here that can make sense. But that is part of why you also want to own your own spectrum because things can change, and if it happened to go in the wrong direction, we are not left without options. So it is a conversation.

Jessica Reif Cohen - Merrill Lynch - Analyst

Brian, with CapEx as a percent of revenue peaking, you've talked about long-term double-digit growth in EBITDA and playing significant growth in free cash flow. Can you talk a little bit about uses of the free cash? Have you thought -- your comfort level in terms of leverage particularly in this environment if you could update us there -- but have you thought about possibly initiating a dividend? Have you thought about being more aggressive on the buyback? Can you talk about acquisitions -- philosophy?

Brian Roberts - Comcast Corporation - Analyst

Absolutely. We have also made in that litany of things -- we've gone from 20 billion of debt to give or take 30, 31 billion of debt. We recently did a \$3 billion financing in August. I think it was August when we did it. We have been able access to capital market despite what has been going on. And one of the reasons, Jessica, that I am comfortable being criticized for being too conservative from time to time is that when the markets have a derailment like they are experiencing in the debt market, that it should not, we hope will not affect Comcast and will not affect you. And that even though at times that may look like a laggard in the long run that served us very well and given us the opportunity to buy stock this year. We bought I think a combined over the last three years about \$8 billion or so of stock back and retired convertible debentures. And we will continue.

We are trading -- I don't know, you've said 6 times in your report cash flow -- maybe it's 7 times cash flow. Today a dividend versus buyback I think we would rather do buybacks because of the valuations as we see them. If you believe your business model works -- and again, we believe our business model works. We've also we've got to pay for Insight, half of Insight, which is terrific. Their bank debt goes away when they sell it to us. We have to replace that with permanent financing.

We bought a small investment with Fandango to again be part of that entertainment experience in the home. And we bought Rainbow's regional sports channels in Boston and San Francisco. And so we have done other things in addition to just using it. And so all of the free cash flow for Comcast the last three years, more than 100% of the free cash flow has gone into stock buybacks. And so I think that I don't see any reason to change that at this time and delighted that we have a business that this is the biggest question we keep getting asked is, what are you going to do with all that free cash flow.

So as that free cash flow growth rate accelerates, which I think I am getting convinced that that is the other side of more competition is we won't be putting out quite as many things on the margins. Don't want that this model works and we're going to have to come back and keep talking about that question meeting after meeting; but there is no absolute limit. We've said 2.5 to 3 times leverage. And I think that has served us quite well here in this pretty tough credit market where many others aren't issuing.

One more? No more. Thank you all very much.

Jessica Reif Cohen - Merrill Lynch - Analyst

-- Comcast, the nation's largest cable operator. We believe demographics favor the likelihood that US Internet penetration will climb to 80%, if not 90% plus in the coming years versus only 60% currently. The opportunity to capture a large portion of new subscribers and to take share from DSL with its powerful Triple Play product present long-term upsides

Sep. 17. 2007 / 11:45AM, CMCSA - Comcast Corporation at Merrill Lynch Media Fall Preview

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