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PRESENTATION

Unidentified Participant

We are going to start with the second breakfast keynote of the morning. Very pleased to have with us Michael Angelakis, Chief Financial Officer of Comcast. Welcome.

Michael Angelakis - *Comcast - CFO*

Thank you. Nice to be here.

QUESTIONS AND ANSWERS

Unidentified Participant

So let's start with a financial question. Look, my view -- in no way will this end up being a softball, but we will start there. Corporate governance has increased pretty dramatically during your tenure. We have had the implementation of dividend increase transparency, more stringent deployment of capital philosophy.

Can you talk about -- let's say if there was some controversy over what the right payout is for a cable company, especially a major cable company such as Comcast. Can you talk a little bit about your philosophy in deploying capital during this environment?

Michael Angelakis - *Comcast - CFO*

Well, let's take a step back. I think that the first part of your question about transparency and returns and those kinds of aspects I think are a complement to our company and I think the organization has evolved and adjusted appropriately to focus not just on revenue and OCF, operating cash flow, but to also focus on free cash flow. So your 'controversy' I find a little bit interesting because 12 months ago we actually didn't have a dividend.

So 12 months ago we actually instituted a dividend of $0.25 and just recently we increased it by 8%. In this economy and all of what is going on with dividends I think increasing the dividend is clearly a sign of confidence in our business.

With regards to payout ratios, and we do focus on those, that dividend represents about a 31% payout ratio to net income; represents a little more than a 20% payout ratio to free cash flow. May be lower than some, higher than others. But you have got to put it in context of we are growing. We grew cash flow in 2008 by 56%. When I sat here 12 months ago questions were are you point to grow free cash flow? We grew it by 56%.

Nowhere on the screen last year was a lot of questions around dividend and payout ratios so I look as that as real progress for us. Tremendous progress of increasing free cash flow by that amount. We think we will increase free cash flow in 2009 as well. We also have increased our dividend and as the business continues to progress I think we will continue to increase our dividend.

Now with regards to capital allocation and our thoughts around that, which I think is the second part of your question, I look as that as a tremendously important part of my responsibility is how do we allocate capital. And by the way, this is a real team effort because we deploy capital whether it's operating expenses or capital in terms of CapEx, it's both resources. Accounting deals with it differently, but we look at, whether it's OpEx or CapEx, as a deployment of resources.

And I think we are pretty returns focused on the capital side. We are pretty efficiency focused on both the OpEx and the capital side. And as we generate free cash flow, we will clearly invest more in our core business to the extent that we think it's strategically and financially appropriate for us to do that.

So even though our capital intensity in the business has come down this year from 2007/2008 -- by the way, we expect that to come down in 2009 as well -- our primary thought is how do we invest in our core business where we are getting good returns, where we are deploying capital in a strategic way. And then I think that leaves other questions related to what we have been talking about -- dividends and buybacks and all those kinds of aspects.

Unidentified Participant

Okay. There was a bit of confusion over guidance at year-end when you had your call recently and whether you actually gave guidance or not. My read of the press release was you state clearly in the press release that you intend to grow 2009, so I looked at that and thought that was guidance.

I guess, two parts. Is the guidance to grow in 2009? And then, secondly, what gives you confidence in this environment that there will be growth in 2009?

Michael Angelakis - *Comcast - CFO*

Let's clear the confusion. We believe we will grow revenues in 2009. We believe we will grow operating cash flow in 2009. We believe we will grow free cash flow in 2009. So let's take that confusion out of the mix.

We think that we will grow RGUs or voice and data customers, we think we will grow that. To what extent will we grow all of those metrics? I am not 100% sure in terms of pinpointing exactly where that will be. There is macro factors at work and competitive factors at work, but we are very confident that we will grow those metrics.

We think we will -- and we said this last year -- that we will probably lose some basic customers as both the economy and even competition takes a little bit from us. We are competing as aggressively as I think we can with regards to our basic side, but we are the incumbent on the video side.

But we will take more share on data, we will take more share on voice. We will grow business services, which is an important part of our business now. So let's take that confusion out; we do expect to grow all those financial metrics.

Unidentified Participant

I think one thing that some of us struggle with is trying to figure out how much of the [fork you slowed down] for the industry and to some extent continuing a little bit in 2009 is cyclical related to the economy versus other factors. And [Tom Rutledge] made a comment recently that he was going to fund that cable was contracyclical, so he actually implied that if anything cable would do better in this environment.

Any thoughts from your perspective? What metrics are you looking at? Are there things that are happening in your subscribers or your churn or other things that suggest the economy is having a major impact at this point?

Michael Angelakis - *Comcast - CFO*

Major, no. No; in 2008 we grew the revenue 8% organically. We took some severance costs. If you had those back, we grew OCF 9%. In the fourth quarter the numbers are relatively similar. So I think our business continues to do well in this economy with the exception of our advertising business, which has been impacted.

But does it slow down our growth? I think it does slow down our growth, but clearly I think that the business will navigate this economy pretty well.

Unidentified Participant

I asked this question of Rob just before --

Michael Angelakis - *Comcast - CFO*

How did he answer it? I wasn't here. Let's make sure -- I would be interested in his answer.

Unidentified Participant

I will tell you after. Again, advertising is sort of a small part of the business but a high margin so it's impactful. Any light at the end of the tunnel for advertising?

Michael Angelakis - *Comcast - CFO*

You know, that is a tough question because I think there are two parts of our advertising that we watch very carefully. One is our local advertising, which we think was impacted on an apples-to-apples basis excluding political, down about 20% in the fourth quarter. In the first quarter we are not seeing really any recovery in that.

The second part of advertising that we watch really carefully is our national advertising, which is related to our programming networks. I think we have seen softness in that, more so in the end of the fourth quarter and beginning of the first quarter of this year. So we are not forecasting a, what I would call, rebound at all in advertising this year. We think it's going to remain pretty challenged.

As a light at the end of the tunnel, it depends how long that tunnel is. I think, yes, there will be these really good businesses, but they are cyclical in nature.

Unidentified Participant

What is your view on Project Canoe addressable advertising for television? Is this something that is going to be impactful over the next few years? It's fun to get your perspective on some of these because I know you have been at Comcast for a while now, but we still consider you a fresh set of eyes for the cable industry.

Michael Angelakis - *Comcast - CFO*

I think in 2009 it's a build year. I think Canoe will come out with some products and services in the spring and later this year.

To give context to this, David Verklin has been on the job for five or six months; this is relatively still new. It's pretty clear to us the opportunity is meaningful. It's just how quickly can we gear up Canoe; how quickly can we launch products and services that we think are attractive to us in the industry. So we are very bullish on Canoe, it's just going to be a matter of time.

Unidentified Participant

One thing that we are trying to track is periods of weakness. You have customers rethink their bills. You have small and medium-sized businesses rethink their bills, more so than they might during good economic times. But that is an opportunity for you guys to break in more aggressively on the voice side. Is that something that you were seeing at all -- that small and medium-sized businesses or consumers are having a more rapid adoption of your voice product?

Michael Angelakis - *Comcast - CFO*

Well, small, medium-sized business -- I will take that one first. The voice product in terms of having the voice product available over our entire footprint and also have eight-line capability really just happened last year for us. And that has been a real important development and a driver of growth.

Our business services grew 47% on the revenue line last year. Its margin this year will be accretive to the whole. It will be free cash flow positive, we expect, this year so we think that is a terrific business and getting better and has real momentum, even in this economy. We think the product or the service we offer in small and medium-sized business has some really advantages, both in terms of the nature of the product as well as the pricing of the products.

With regards to the consumer and voice, we just think there is a lot of headroom for us to continue to grow the voice business. We are now relatively scaled. We have gone from roughly 0 to 6.5 million voice customers in three years; a little bit more than three years. From our standpoint we think that is great. We have taken an enormous amount of cost out of that business and the margins now, I think, are very good, so scale is there.

We are really focused on profitable growth with regards to those units or those customers, so we are very careful about how we price and promote those kinds of efforts. So we think the market is there and we will continue to penetrate it and grow that business.

Unidentified Participant

Let's talk a little bit about basic. I think my view has been for a while that we all spend too much time thinking about the basics subs as a metric for the cable business, but nevertheless I will ask a question about basic subs. Steve Burke talked about the RBOCs expanding their footprint during 2008 and that having an impact on the business on the basic subs side.

Can you give us any thoughts behind how much you expect the footprints to expand in 2009? You already said, geez, we will lose a few basic subs.

Michael Angelakis - *Comcast - CFO*

We are overbilled by the two RBOCs roughly 20%, 21%. We think that will grow. To what extent we are not exactly sure, but it could grow to 30% this year.

We think we are competing -- we are getting better and better as we refine our competitive responses and efforts. When they come into a new market there is an enormous amount of marketing, enormous amount of effort they put into getting some customers. We recognize that we are going to compete awfully hard, but we may lose a few of those customers.

With regards to the RBOCs, though, we are continuing to take pretty meaningful share from them on the voice side, like we just spoke, and on the data side. The second and third quarter of last year we did terrific and in the fourth quarter I think we did well. You have got to look at our ARPUs in balance with units, and I think we are competing pretty well against them.

Unidentified Participant

It was interesting -- you talked about the balance between the second quarter, third quarter, and fourth quarter. On the broadband side there is a feeling that the speed advantage for cable as we have more and more online video is a fantastic thing and it's going to increase your share overtime. In the second quarter and the third quarter it seemed like that was actually happening; in the fourth quarter not so much. What is your view? Does speed matter for broadband?

Michael Angelakis - *Comcast - CFO*

Totally. We are launching DOCSIS 3.0; my kids watch YouTube a lot. Speed, I think, absolutely matters and I think it's going to be -- continue to be a huge differentiator. We have a $42 ARPU for our product and our competitors are significantly priced below us, yet we are continuing to take more share. I think that says a lot. And I think as we deploy DOCSIS 3.0 the competitive strength of our product is going to separate us even more from our competitors.

Unidentified Participant

And as you sort of think about speed mattering, you are in a way enabling more video over the Internet through the faster speeds. Any concerns that video over the Internet will ultimately be a competition for your pay-TV service?

Michael Angelakis - *Comcast - CFO*

We really do look at it as complementary. If you saw Nielsen's report last week, TV viewing has gone up, Internet viewing goes up. We look at it as complementary. We are working on a project that we called on-demand online, which is allowing our customers to have the video experience online.

That helps our customer experience who are video customers, but it also helps our broadband customers in terms of if they have a choice to watch video online. We look at it as very complementary and we don't think we are losing any real customers from that.

Unidentified Participant

Obviously, on demand has been a big push for Comcast, especially the last few years. You have made a lot of efforts to offer more and more of what is available either online or through your own efforts, given your scale, on demand in TV shows and movies. So I am curious sort of two things.

One, how impactful do you think the on-demand thrust the last few years has been on the business? But, secondly, even with on-demand having the sheer quantity and quality given your scale that you have, there will still be some customers that might want Netflix Online or some customers that might want to get YouTube to the TV. Do you feel any pressure to facilitate through your set-top boxes access to Internet video to the TV?

Michael Angelakis - *Comcast - CFO*

Don't really want to talk about the Netflix or those guys; they have their own business plan. I have respect for their DVD business and so forth. I think we are working hard to think of ways where we can improve our product and improve our customers' experience. And that is if they want to watch a movie on-demand with regards to the TV, which we think is still the primary viewing area, we want to provide as many choices and we need to improve our navigation.

We have projects called Project Infinity, which is hopefully going to continue to expand later this year, will add more and more and more content on-demand. We average now or last month 325 million VOD views. If you just think about that number, in our company we had a 325 million VOD views. That is an enormous number and that number continues to climb.

As we put more content available on VOD, whether it's high-def content or other kinds, we think that number is going to continue to grow. And we think VOD is an important part of our product differentiator and our product mix.

Unidentified Participant

I'm not sure a question you want to answer, but when you think about that impact of VOD and you think about those views are you seeing that in your digital churn over time? Are you seeing that VOD helping the stickiness of that digital product?

Michael Angelakis - *Comcast - CFO*

Totally. We think it's helping on just the value equation that we provide to our customers, because the majority of those views are actually free. So you live in New York, but I think our VOD platform is the most robust. So is that value valuable for our customers? Sure. Can they watch CBS or NBC in terms of some of those shows on demand? Can they watch HBO, can they watch a lot of different things? We think it's definitely helping on just the value equation.

Ultimately, it's helping with regards to digital because you need a digital box. It's even helping on high-def because we now have 1,300 choices on high-def. My family really watches high-def movies on VOD.

Unidentified Participant

So I know you constantly ask about wireless, but nevertheless I am obliged to ask about wireless. And, again, sort of the interesting thought behind the question is the RBOCs the last few quarters -- because of their scale position in wireless voice are constantly saying that wireless voice is critical. And it's sort of an obvious thing to say, but maybe true, maybe not. What is your view on how important wireless voice will be in the consumer bundle over time?

Michael Angelakis - *Comcast - CFO*

That is not really where our focus is. There are six competitors in the market, any given market, trying to get a wireless voice customer and for the most part their product is relatively similar. You are seeing what T-Mobile is doing, Sprint is doing, Metro, AT&T, Verizon. What our focus has really been is with regards to Clearwire is spectrum aggregation.

If you go back to speed on the Internet, do we think that is important? We think speed makes the experience richer, but people are demanding more speed. And if we want to provide mobility to some degree to that product and maybe even someday mobility to the video product or access to VOD or DVR in a person's home, you need a meaningful amount of spectrum. And that is one of the reasons we invested along with our partners in Clearwire given their spectrum position.

We can very easily see -- and I will use Philadelphia as an example. A lot of people commute by train in Philadelphia. Can they use a small notebook with maybe a dual mode or a single mode air card with Clearwire and possibly Sprint and able to access their smartzone, which is a cross-platform product we have for voicemail and e-mail; be able to access their Comcast.net, which is our homepage; be able to access maybe their DVR or even their VOD at some point while they are on that train? I think that is where our focus is over the next couple of years.

Unidentified Participant

So I wanted to make sure I touched on the consumer voice in terms of how big that business might get. Again, you talked three years 0 to 6.5 million subs; pretty impressive progress. Is there any reason -- I think maybe 14% or so penetration and you think about broadband at 30 and growing. Any reason over time that your voice penetration can't approximate or at least -- again, with [cord cutting] -- reasonably close to your broadband penetration?

Michael Angelakis - *Comcast - CFO*

I think there are two questions in there actually. One is how high can our broadband penetration go? I think our broadband penetration has a lot of legs left. I think that as a whole the country is going to continue to move more to broadband. And as we develop wideband, which is DOCSIS 3.0, I think you are going to continue to see broadband and wideband penetrate the market more. So we are bullish on broadband, we think it's a terrific product.

On the voice side we are at 14% penetration. We have markets that are significantly higher than that. Some of our cable brethren have done a terrific job and their penetration levels are higher than ours. That gives us real thought that we got to execute better and get higher.

And if you use a really simple example of just say there is a 100-home community, let's say five homes can't afford any kind of voice service because that is just a situation they are in. Let's say there is only wireless in 10 homes, that leaves you with a market of 85. If on average we have 14 that means our competitors have 71. That means we have a lot of room for growth and I think that we are very focused on that.

Unidentified Participant

You talked in your conference call a few times about profitable growth, which is a nice mantra. Obviously trying to balance your subscriber growth with the cost and margin you gain off those subscribers. Can you talk at all about how you are balancing in 2009 marketing and customer acquisition versus your desire to grow the subs? When you think about profitable growth how are you in your office measuring that? Do you have an IRR hurdle or what is the process behind the profitable growth?

Michael Angelakis - *Comcast - CFO*

One way to look at -- our ARPU is a pretty important measure for us, but also we do look at customer lifetime value on every imaginable combination you can think of. When we think about profitable growth we are not going to chase an unprofitable customer. And I think that on the margin we will be really competitive and we will be aggressive, but we recognize that ARPU growth has to be in balance with unit growth.

Our ARPU, as I said, grew 9% last year. It grew 9% in the fourth quarter, relatively stable ARPUs on high speed, on video, and on data. We are looking at returns pretty closely with regards to how we do marketing and those kinds of things, so there is a real balance. Sometimes it moves a little bit like this and sometimes it moves a little bit like that.

But the reality is there is analytics behind a lot of what we are doing. Our goal is to grow revenues, grow operating cash flow, grow free cash flow, and grow our customer base. And we think we can do that and keep that balance appropriately in place.

Unidentified Participant

Is it fair to say that over the last year or two more of these analytics have been put in place related to this thought process?

Michael Angelakis - *Comcast - CFO*

Yes, a little bit. I think that there is a little bit of a catalyst, a little bit of fresh eyes. We have a terrific team of people who understand exactly what they are doing and are very methodical and measured in how they either deploy resources or apply the analytics. So I think the organization is very focused on that balance.

And I think Steve Burke even said it on the phone on our call, Brian has mentioned profitable growth a number of times; that is clearly within our mindset of how we manage the business appropriately.

Unidentified Participant

You talked about [Portland] on the call going well in regards to its all-digital transition. Can you tell us what you meant by going well?

Michael Angelakis - *Comcast - CFO*

Sure. This is the all-digital. For people who may not follow everything that is going on is we are deploying in a lot of our markets this year we are call an all digital effort so we are reclaiming some of that analog bandwidth. We have already done some cut overs in some markets. The cut overs have gone fine, minimal disruption, back to normal. We have launched high-def in some of those markets; a higher proportion than we estimated our self-install.

We are utilizing these relatively small -- we call D-to-As -- relatively small boxes that are working through it, but this is a process that is going to take us through this year and into next year. So going well for is minimal disruption, launching services, customers satisfied. Over time we will talk more to you and folks about what the ROI of that effort is, which we think will be pretty positive related to theft, revenue up lift through VOD because if you are not a digital customer, you get a digital set-top box which gives you access to VOD and a number of other services, electronic program guide.

So we think this is a very smart, strategic move for us. It's a very smart financial move for us and the strategy, I think, is pretty obvious. And I think as we put more market behind us we will show you the financial aspects of that.

Unidentified Participant

I know I keep circling back to basic subs, but in Chicago DirecTV had been pretty open about they felt they gave a lot of share when you went all-digital. You guys have talked about the fact that you actually gained subs in Chicago when you went all-digital, and you just mentioned theft. It seems that piracy is still a fairly reasonable number because you both actually did well in the transition to all digital.

Michael Angelakis - *Comcast - CFO*

Well, we did Chicago a long time ago so I'm not sure what Chase is talking about. Chicago has done perfectly well for us. Actually, if that is the poster boy for our all-digital transition then I am a very happy camper.

Unidentified Participant

Great. I think you mentioned costs at the top with some slowdown of revenue growth because of the cycle. I think your investors are a little bit nervous about how margins end up as we move through the year. Can you talk a little bit about cost management at Comcast and how comfortable you are?

Michael Angelakis - *Comcast - CFO*

You know, actually the question also was last year. If you go back a year ago, growth is going to slow down a bit, are you managing your costs well, are you going to increase marketing, increase customer experience, increase business services, what is happening to your margins?

If you look at what we did, actually margins came in quite flat and I think that '09 is going to look pretty similar. I think we are very focused on managing expenses. I think we were way ahead of the curve. I think in '07 we actually predicted that the market was slowing down and that we were entering some pretty tough times from a macro side. So we clearly focused on costs.

There are no single areas that we can point to and say that is a lot of low hanging fruit. We are just very focused on blocking and tackling and taking costs and increasing efficiencies throughout the entire organization. I think that helped us in 2008. We absorbed, actually, some meaningful costs in 2008 related to that, and I think it's going to help us in 2009.

Unidentified Participant

There is always a lot of focus with investors in CapEx for the cable business. There haven't been any surprises really, at least in my view, in terms of Comcast's CapEx the last four to six quarters. Can you give us your confidence level and your outlook for CapEx in 2009? Any chance that it could shift through the year?

Michael Angelakis - *Comcast - CFO*

There is a lot of focus on CapEx and a lot of focus everywhere in our organization, but I think we feel very comfortable with CapEx coming down in '09, both as real dollars as well as a percentage of revenue obviously. So the confidence level is high. I think it's really important to point out that within that CapEx we are being aggressive.

We are taking the Company half all-digital. We are taking the Company 65% DOCSIS 3.0. I think we articulated that those two initiatives represent between $400 million and $500 million of gross CapEx this year. We are deploying a lot of set-top boxes in terms of high-def and DVRs. We said that in 2008 we spent $1 billion, which is roughly 18% of our entire CapEx budget, last year on high-def and DVRs.

We are prepared to spend similar amounts, even though maybe people aren't buying as many high-def TVs. But there is still a lot of people who do have high-def TVs that don't get high-def as well as people who are buying second and third sets that are high-def. So we are fully prepared to deploy more high-def, which we think is by the way a terrific ROI product for us, and we are fully prepared to deploy that DOCSIS 3.0 and that all-digital effort.

In saying all that we think we are being just more efficient and more focused and that will bring CapEx down. So I think the confidence level is high.

Unidentified Participant

Great. Well, why don't we take a couple of questions from the audience if there are any? Why don't we start in the back, we will work our way up. David? Wait for the mic, please.

Unidentified Audience Member

Thank you. I would like to follow up on the question on the commercial opportunity. You describe this as fairly new. Can you give us a sense of where you think you sit in terms of your value proposition, cost proposition relative to the incumbent? And track for us where this can go this year and on a multi-year basis, perhaps drawing by analogy where you have rolled out other products?

Michael Angelakis - *Comcast - CFO*

Sure, I think this is a terrific business. Our network is already in place. We have hired our folks, whether sales people or organization or customer service or technical. It's really about selling the service now versus building the infrastructure that we spent 2007/2008 building. We still grew revenues 47% last year. I think you will see us grow revenues pretty robustly again this year.

Is this going to be a multibillion dollar business for us over the next few years? I think we believe it is. Do we think that we have terrific line of sight with regards to those revenues? Those revenues are being spent. We are not creating revenues, those revenues are being spent today with a competitor. It's our goal to take market share from that competitor.

That is a pretty good line of sight and I think we have both the product in terms of the voice, video, and data and the pricing component and the margins to make it a pretty good value proposition for our customers and for the Company. So I sort of say I really like the line of sight of that business, I like the momentum we have. Frankly, it's ours to execute against.

Unidentified Audience Member

Michael, the environment on pricing, could you describe that effective pricing? For example, when Doug interviewed Chase Carey, Chase mentioned that rates were raised 4%, 5% as usual. But then he also said our current customer service reps have more discretion now to issue 'credits' to keep customers, which is effectively a little bit of discounting. What is going on effectively in pricing and video, HSD, and in your triple-play package?

Michael Angelakis - *Comcast - CFO*

Okay, the easy way to answer that, John, is ARPU grew 9% last year. We also increased in the fourth quarter our video rates between 6% and 7%. So we did it in the fourth quarter, typically we do it in the first quarter. The reason we did it in the fourth quarter was, as I mentioned, we are going all digital in a lot of markets that we started in the fourth quarter and we didn't want to have another confusing moment.

In addition, the government -- at that point we expected to have the country go all-digital on the February 17 date. We really didn't want -- we thought there was supposed to be a lot of dust in the air and we didn't want to add any more to that. Everyone, by the way, is directing to increase their rates. The RBOCs have increased their rates. So as programming costs have increased, we think we are going to continue to increase rates.

The second part on retention. We are being aggressive on the margin with retention, but that goes back to the balance of units and ARPU. I think are we trying to be a little bit more aggressive with retention in this economy? Sure.

Have we introduced economy services for those folks that just can't afford our services given what is going on in the world? And the answer is, yes. We introduced some last year. We have an economy voice service, we have an economy data service, and we have an economy video service.

Interestingly, the economy video and the economy voice we have preserved our dollar profitability in those because we have taken certain features out of the voice product and some programming out of the video products that we are trying to preserve our profitability but give customers a lower-priced product that they can move to. And I think that penetration is in the low single-digits, but it's a very good retention tool for us at this point.

Unidentified Audience Member

I think there is a lot of concern that credits will just sort of get out of control; everyone is going to call up and ask for a discount and just get it. But my guess is you actually manage the amount of credits being given and that fluctuates over time. But it's a number that you manage to, not a number that the customer service agent is just giving everyone free pay-TV. Is that fair?

Michael Angelakis - *Comcast - CFO*

That is a fair analysis, yes.

Unidentified Participant

Any more questions from the audience? Right here.

Barry Stewart - *Principled Capital - Analyst*

[Barry Stewart] from Principled Capital. How have your company's gross adds behaved over the past several months? I guess since September when the credit situation got particularly bad. And then has the mix of gross adds that are taking double play or triple play, has that diminished or increased over that period of time versus a year ago?

Michael Angelakis - *Comcast - CFO*

As we said on our call, gross adds is actually down in 2008. We attribute that to lower housing growth, more vacancies, less people moving, just lower activity. Now does that impact our net adds? It impacts our net adds, primarily I think on voice. 87% of our voice customers take three products and we have a relatively high attachment rate when we sell the voice service. Typically, we do very well when somebody is moving from point A to point B we are able to sell more packages.

The second part of your question is in December of 2007 16% of our base was in that three-product bundle. As of December, just 12 months later, that number is now 23% and we think that number will continue to climb. So although we do have less activity and less gross adds, we are continuing to increase our bundling whether it's two or three product.

Unidentified Audience Member

Could you talk a little bit about how low could your CapEx be this year, I guess is the question? In a very little growth environment you guys have said historically that a lot of your CapEx is success based. So when you think of the range of outcomes, how low could CapEx be this year? Could it be less than $5 billion?

I think back four or five years ago you guys had more subs than you do now -- more basic subscribers than you do know and fewer RGUs -- and you were at I think in the 4s in terms of CapEx. Could you talk a little bit about that? Thanks.

Michael Angelakis - *Comcast - CFO*

Obviously, I am not going to answer the question directly. It's a good try but I am not going to answer it as pinpointed as you want me to.

Where I think I get off the bus a little bit on that question, to be honest, is $1 billion or 18% of last year's CapEx was high-def DVRs. As a shareholder investor in our company you want us to invest and deploy high-def DVRs, which by the way are nowhere found in an RGU calculation. So high-def deployments are not considered RGUs which is what we have tried to sort of get away from a little bit in terms of RGUs.

Because just take one step back, RGUs include digital -- we are going all digital. That is going to get a little bit blurred. High-def is not considered an RGU, so you are going to see us report a lot more on voice, video, and data customers. We are going to tell you where digital is going and where high-def is going, but we are probably going to get away from a little bit more of the whole RGU side.

But go back to $1 billion in high-def DVRs at 18%. Returns on that -- in 2007 we came out and said we think the returns are between 35% and 40%. Terrific business. Those box prices have come down a little bit. We actually had an adjustment on rates up a little bit in churn because our activity has come down. So you can do your own calculations on what has happened to that return from the 35%, 40%. It has clearly gone up, so we want to spend that cap.

We are very focused a looking at the growth capital in terms of what the ROI is. Obviously, we are not interested in spending capital where the ROI is below our [WAC] unless it's strategically really, really important. I hope we spend lower than we do this year. I think hope the budgets and targets we set our accurate, because if it goes really low it means the macro environment is just completely awful.

So do we think we will bring the intensity down, yes. Do we think in this year, maybe even next year? I think we will bring intensity down again next year, but a lot of that capital is very good invested capital.

Unidentified Participant

So [Ray Katz] wanted me to ask you a question and given the heritage of this location I thought it was appropriate to pass it on. How do you get the square picture through the round wire was his question?

Michael Angelakis - *Comcast - CFO*

Great question. I will ask my engineers that. Very, very, very carefully; it takes a lot of time and effort.

Unidentified Participant

So the one question we are asking everybody is anything in the last six months changed your long-term growth outlook for Comcast?

Michael Angelakis - *Comcast - CFO*

You know, I think that we are -- we have two approaches. You have the macro approach, which we are obviously cautious. We sat here a year ago and if you think about what has happened in 12 months, what this conference was and where we are, you have to be conservative and you have to be a little bit cautious.

On the other side, we are optimistic about our business. We are growing; 95% of it is subscription-oriented. We have lots of headroom for growth. I think we are appropriately focused on how we deploy capital, like we just talked about. We are appropriately focused on free cash flow, increasing our dividend. So we are conservative and cautious on one side, but really optimistic on the other. And I don't think -- nothing has changed dramatically in six months.

Unidentified Participant

Great. Well, thank you very much for coming.
