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PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to Comcast's fourth-quarter and full-year 2007 earnings conference call. After the speakers' remarks there will be a question-and-answer session. (OPERATOR INSTRUCTIONS). At this time all participants are in a listen-only mode. Please note that this conference call is being recorded. I will now turn the call over to Senior Vice President Investor Relations, Ms. Marlene Dooner. Please go ahead, Ms. Dooner.

Marlene Dooner - *Comcast - IR*

Thank you, operator, and welcome, everyone, to our fourth-quarter and year-end 2007 earnings call. Joining me on the call are Brian Roberts, Steve Burke and Michael Angelakis. Before we start let me refer everybody to slide number 2, which contains our Safe Harbor disclaimer, and remind you that this conference call may include forward-looking statements subject to certain risks and uncertainties.

In addition, in this call we will refer to certain non-GAAP financial measures. Please refer to our press release for the reconciliation of non-GAAP financial measures to GAAP. And now for opening remarks I'll pass to Brian Roberts for his comments. Brian?

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Brian Roberts - *Comcast - Chairman, CEO*

Thanks, Marlene, and good morning, everyone. I'd like to begin with slide 3. Over the last few years we have successfully transformed Comcast from a cable company into a new products company that utilizes one infrastructure to deliver a growing number of products. As a result 2007 was another year of strong growth in revenue, operating cash flow and earnings and a record year for new subscriptions RGUs. And while the year also had its challenges in the second half, we are confident we are taking the right steps to maximize the growth potential of our business.

To that end, as we started 2008 we laid out an exciting new product roadmap for Comcast's future. This next generation strategy is based on leveraging our existing state-of-the-art fiber network to create new products that are differentiated and future innovations that will keep Comcast ahead.

With the integration of our acquisitions now behind us and our phone business scaling nicely, we're looking forward to delivering free cash flow growth in excess of 20%. We are also sharpening our focus to deliver profitable growth while continuing to make important investments that enhance our competitive position and significantly increasing the pace at which we return capital to shareholders. We are confident that these steps and others position us well to continue to grow our business and to generate attractive shareholder returns over the long-term.

Before we get into a deep dive on the 2007 results and the 2008 guidance, let me take a moment and highlight two key areas for today's call. First, as we review our performance in '07 Steve will discuss how we think the economy and the competitive landscape impacted our business in the latter part of the year. He will also review a number of steps we have already taken to respond to these conditions. I think this will provide important context for our 2008 outlook which incorporates those plans as well as the trends we are seeing in the market today.

In addition, I will review, and Mike will detail, our capital allocation priorities including our accelerating return of capital to shareholders with today's announcement of a dividend and an accelerated stock buyback.

Turning to slide 4, 2007 we made significant progress in each of our differentiated best in class products. This helped us to continue successfully to diversify our revenue streams. In 2007 about 43% of our revenues came from services other than our traditional cable television service. That's up significantly from the 32% of revenue they contributed just five years ago.

New non-video services are also the drivers of growth, growing on average at twice the rate of video and representing more than 65% of our revenue growth last year. These products are far from mature and should help power growth for many years to come. Each of our services -- video, voice and data -- has an exciting product roadmap and is on a path to benefit from significant technology advances in the next few years. Let me quickly describe what I mean.

In digital we continue to rollout advanced digital video services like HD DVRs and we are committed to delivering truly superior high-definition television and unmatched interactive TV. For high-def that means nearly 300 choices today, growing to over 1,000 HD choices for virtually every Comcast high-def customer by the end of this year.

Next, we are working on a new architecture that will let us offer every month over 6,000 movies on demand to our customers, more than 3,000 of them in high-definition. In fact, this new architecture paves the way for our ultimate vision of what ON DEMAND can be, we call it Project Infinity.

With Project Infinity we plan to give our customers exponentially more content choices delivered instantaneously to the TV. That means we want to provide every piece of video content that a producer wants to put on television, be it a movie, television show, any conceivable kind of video. We're going to expand our relationships with all kinds of content creators, large and small. And we can work with whatever business model makes sense for them, whether it's free, ad supported, subscription based or

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pay-per-view. Our goal with Project Infinity is to give Comcast customers the best content and the most ON DEMAND content they will find anywhere.

In high-speed data we have DOCSIS 3.0 or wideband which we'll begin to offer to millions of our 48 million homes later this year. Wideband represents a quantum leap in what speed will mean to consumers, 100 Mb or more, literally a whole new platform for innovation in the years ahead. And in Comcast Digital Voice we have strong momentum and a brand new all IP network which allows us to begin to offer new features in the second half of this year.

Having set up the foundation for our commercial business in 2007 we are now ready to ramp it in 2008 just as we begin to invest to build the next opportunity, interactive and targeted advertising. So there seems like lots of diversified growth opportunities in the years ahead.

And finally, we are committed to continuing to improve our end-to-end service experience. In 2007 we undertook many technical initiatives to improve reliability and quality of service and we're starting to see the fruits of these critical efforts.

Turning to slide 5 -- as I mentioned earlier, a changing environment in the second half of 2007, including an economic slowdown along with intensifying competition, led us to revise our guidance. Obviously I was not pleased that we had to do this. For 2008 we have worked hard to factor in the current economic and business realities. We think our refined and focused strategy, when paired with our outstanding assets and people, are going to generate strong performance this year and beyond.

So for 2008 we expect consolidated revenue and operating cash flow to increase by 8 to 10%, consolidated capital expenditures to decline to 18% of revenues from 20%, consolidated free cash flow growth of at least 20% from the $2.3 billion we generated in 2007.

On slide 6 Michael will go into some detail about our capital allocation strategy. But I also think it is important that you hear from me how I think about capital allocation. Our overarching priority is to invest in the business and execute against the many opportunities I've just described. This is absolutely critical to our customer value proposition, to our competitive advantage and the best way to create long-term shareholder value.

I also want to address our acquisition strategy head-on. We are committed to remain disciplined in our approach to acquisitions and will place every opportunity through rigorous financial and strategic filters to ensure that our investments yield attractive returns for our shareholders. To be clear, we are not spending any time on any of the large transformative acquisitions that have been speculated about like Yahoo! or Sprint. Instead we are very focused on running our business and executing our plans.

And finally, because of our confidence in the ability of our business to grow free cash flow I am pleased to be announcing two important initiatives that will accelerate the already substantial rate at which we are returning capital to shareholders. I would note that in the fourth quarter of 2007 we repurchased $1.25 billion of our stock, the largest stock repurchase we have ever completed in a single quarter. In addition, we have approximately $7 billion remaining under our share repurchase authorization and today we are announcing our intention to fully utilize it by the end of 2009 with at least 50% used this year.

I'm also pleased to announce that starting in April we are initiating a new quarterly dividend, the initial annual rate is $0.25 per year. Based on our performance it is our expectation that the dividend will increase over time. This will be $750 million annually which is about one third of 2007 free cash flow and will complement our ongoing repurchase activities.

So all in all I am excited about our 2008 plan and the roadmap we are on to deliver the best cross platform experiences to our customers. I believe we have set the stage for many years of growth. And in 2007 we were able to get Michael Angelakis to become Chief Financial Officer of the Company. I am very pleased to now turn the call over to Mike.

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Michael Angelakis - *Comcast - EVP, CFO*

Thank you, Brian. I will begin by briefly reviewing our consolidated results on both a reported and pro forma basis. Then I will discuss in more detail our key financial priorities, so please start on slide 7.

Regarding consolidated results for fiscal year 2007 -- reflects solid performance at our cable and programming divisions as well as the impact of acquisitions. For the full year consolidated revenue increased 24% to $30.9 billion. Consolidated operating cash flow grew 25% to $11.8 billion. Adjusted EPS increased 23% to $0.74. Remember, net income for 2006 and 2007 is adjusted for onetime gains recorded as a result of cable transactions. Please refer to table 7-B in our earnings press release for a reconciliation to adjusted net income for the quarter and the full year.

Free cash flow declined 11% to $2.3 billion reflecting a higher level of CapEx in 2007 due to RGU growth, a 63% increase in the number of set-top boxes deployed including 2 million additional HD and/or DVR boxes. In addition, we also spent capital on network improvements in the integration of the acquired systems. These two metrics, free cash flow and adjusted EPS, are becoming more important critical elements of measuring our financial and operating performance. Going forward I think you'll see us emphasize these more.

On a pro forma basis, which shows more clear comparisons, consolidated full-year revenue growth was 12% to $31 billion or slightly above our expectations of at least 11%. Pro forma consolidated operating cash flow growth was 13% to $11.8 billion and in line with our expectations. I think it is important to recognize that in 2007 on a pro forma basis we generated over $3.2 billion of organic revenue growth and nearly $1.4 billion of organic OCF growth. As we enter 2008 it is our intention to convert more of this organic growth to unlevered free cash flow.

Slide 8 shows our fourth-quarter reported results. These were driven primarily by solid operational performance, to a lesser extent cable acquisitions in the fourth quarter. Consolidated revenue increased 14% to $8 billion and consolidated operating cash flow grew 19% to $3.1 billion. Consolidated free cash flow increased 195% to $1 billion while adjusted EPS increased 33% to $0.20 per share. On a pro forma basis consolidated fourth-quarter '07 revenue growth was 10% to $8 billion and our pro forma consolidated operating cash flow growth was 14% to $3.1 billion.

Before I hand the call to Steve who will cover our cable results, let me summarize our programming division's results. The programming division continues to show great momentum as revenue increased 23% to $348 million in the fourth quarter and 25% to $1.3 billion for the full year due to solid increases in ad revenue was reflected by strong ratings growth at each of our networks and the strong ad market in the second half of 2007. We also had continued growth in affiliate and international revenue.

Programming operating cash flow increased 17% to $49 million in the fourth quarter and 20% to $286 million for the full year. These results were achieved even as we continue to invest in production, programming and marketing which are related to new and live event programming for our networks which includes the PGA Tour on the Golf Channel. This investment has had positive effects on our cable network ratings, particularly with our key demographic audiences. As you can see from the results, we are very pleased with this division's continued growth. Now let me pass the call to Steve.

Steve Burke - *Comcast - COO*

Thanks, Mike. Before getting into the details of each specific area of our business during the quarter, I'd like to give you some perspective on our performance in 2007 and how things look for 2008. If you would, please refer to slide 9.

While in absolute terms we had a pretty good year with 13% OCF growth and the addition 6 million RGUs, things slowed down in the second half relative to our expectations. Our business changed as the economy and increased competition made it tougher to grow, but we still grew at rates that prior to 2007 would have been considered very strong. For perspective, we

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added 6 million RGUs in 48 million homes passed last year, 20% more than 2006. The Company is growing revenue, OCF and millions of revenue generating units and we will continue to do so in the future.

We now better understand the effects of slower housing trends in a weaker economy. The good news is that as the market has changed so have we. We're entering 2008 with new initiatives that will stimulate growth and enable us to attract and retain customers. Many of these are already in the marketplace and starting to show solid results.

The triple play remains our core message, but we've expanded the range of our product offerings to better meet customer expectations. We've launched a lower speed data tier for $24.95 so we can attract people who don't want to pay $45 for our flagship product. We also use this tier for people who are coming off our $99 annual promotions but can't afford a price increase.

We're now bundling two products so we can offer more flexible promotions that start at $49 and go all the way up to $99 depending on the marketplace. Importantly, we can offer these one and two product bundles to the 24 million homes that don't presently take our video services. Another change for 2008 is that we're planning on spending more money in marketing to make sure we get our message out more actively.

While there will be natural ebbs and flows in the business, that's what happens in a competitive marketplace, we'll keep adjusting our strategies and feel confident our business will continue to do well. Now let me walk you through 2007 numbers.

Pro forma cable revenue for the fourth quarter increased 9% to $7.6 billion and slightly over 11% to $29.4 billion for the full year. Growth in the quarter compared to the year was impacted by lower-than-expected subscriber additions and a decline in advertising revenue. Cable revenue would have been over 10% -- cable revenue growth would have been over 10% in the fourth quarter if you excluded this advertising shortfall.

One of the most important metrics in our business is our ability to drive ARPU growth, not just units. In 2007 we delivered monthly revenue per subscriber of $102 compared to $91 per month in 2006.

Moving on to operating cash flow, pro forma cable OCF for the fourth quarter increased more than 13% to $3.1 billion with a similar increase for the full year. Total cable OCF for 2007 was $12 billion. Our OCF margin expanded this year by 80 basis points as we continue to leverage our scale and grow revenues. The margin improvement trend will be difficult to sustain as we increase our spending on marketing and customer service in the future.

As a final point to 2008 operating cash flow, we expect our first quarter or two to have slower growth due to difficult comparisons and the usual phenomenon of programming and other cost increases kicking in January 1st and revenue growing throughout the year.

Now if you'll turn to slide 10. On slide 10 we show our total video revenue increased 6% in the fourth quarter and 7% for the full year. Video revenue is about much more than basic subscribers, which we lost during the year, and much more about new digital services. The incremental revenue generated by these new digital services represents 60% of the increase in total video revenue for 2007. The total number of video customers taking our digital services is now over 15 million customers or 63% of total video subscribers.

While we lost 180,000 basic subscribers during the year, we added 2.5 million new digital subscribers in 2007. As the largest incumbent video provider we will inevitably lose some additional basic video customers to new entrants and our 2008 plan includes an increase in basic sub losses. The good news is with all of our new business we will gain much more than we lose as high-speed Internet, digital voice, digital video and commercial services power our business in the future.

We continue to see a growing number of customers taking our high def and DVR services. At the end of 2007 42%, or over 6 million of our digital customers, take high def and/or DVR service, up from 4.5 million or 36% in 2006. Today we think we're the leading provider of high def programming in the world.

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We have expanded our high def offerings and will continue to do so in 2008. We believe that customers really care about choice -- HD choices, not necessarily channels. People watch choices, not linear channels. So we've been adding ON DEMAND options as well as channels. In 2008 we are going to nearly double the number of channels available and nearly quadruple the number of ON DEMAND choices.

A year ago in a typical Comcast system we offered 15 to 20 high def channels. Today, through channel reclamation and other strategies we've been able to increase our high def offering to 25 to 30 channels and that will grow to up to 50 to 60 channels in a typical system by year end.

In parallel, we've increased high def ON DEMAND choices from 130 to nearly 300 today and expect to offer over 1,000 high def choices ON DEMAND by the end of this year. Given these new high def offerings we think we are more than holding our own. We have three times the high def content as satellite.

To better communicate this we've been launching a new advertising campaign with the tagline more, more, more that's off to a very good start, emphasizing the fact that we offer more of the high def programming people really want.

For a number of years we've said that eventually we'll go all digital. With our digital penetration in the mid 60's we now believe it's time to start taking systems all digital and plan to do just that in about 20% of our markets in the back half of 2008. You will see us follow a similar strategy to what we did in Chicago last year. We'll send all our content digitally while maintaining an analog tier of 20 to 30 channels.

Converting to all digital will mean recapturing 40 or more analog channels that we can then use for up to 150 high def channels, DOCSIS 3.0 for wideband or other ideas that we can dream up. The capital for taking up to 20% of the Company all digital is baked into our 2008 capital plans.

Next slide, please. Our high-speed data business has been and will continue to be a significant contributor to our cable revenue growth. High-speed data revenues grew 14% in the fourth quarter and 18% for the year, reaching a total of $6.4 billion. This revenue growth reflects high-speed data additions of 1.7 million in 2007 which compares to 1.9 million net additions in 2006.

We ended the year with 13.2 million high speed data customers, over 27% penetration against our total homes and with relatively stable ARPU when compared to the prior year. Today the majority of our net new subscriber gains are coming from DSL migrations, not dial-up conversions. In fact, in the fourth quarter 64% of our net adds came from DSL in comparison to 53% for the fourth quarter of 2006.

There is still plenty of growth left in the high-speed data market. If we maintain around a 50% share and broadened penetration reaches 80%, as many have suggested, we will eventually reach 40% penetration or nearly 50% more subscribers than we have today. We expect to continue to add millions of high-speed data customers in the next few years, although as you've seen from us and others in the industry, the business is maturing and we will probably add fewer customers in 2008 than in 2007.

We have a number of initiatives that we believe will continue to allow us to grow our penetration. As mentioned, we've launched an economy tier of service for those who want slower speeds at a lower price point. This service is differentiated enough to limit capitalization of our base business and will help us in the retention effort in attracting more price sensitive customers.

We'll promote our high-end service, which we call Comcast Blast!, which today includes speeds of up to 16 meg for an extra $10 a month to customers who want that extra speed. Our 2008 capital plan includes DOCSIS 3.0, which we call wideband, to be deployed to about 20% of our footprint in 2008. As many of you know, this technology will allow us to offer speeds of up to 100 meg or more.

It is still very early but our January result suggests we have the right customer mix. The number of customers taking our Blast! tier is outpacing the number of customers coming in on the economy tier and the overall strategy is helping our business. We

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see broadband speeds as a real differentiator in the market and an area where DSL simply can't compete. We just launched our 16 meg service in the San Francisco market. Now everyone in Silicon Valley who wants the speed can get it. Imagine what will happen after we roll out the new wideband service and they can get 50 or even 100 meg of speed.

On slide 12 you'll see the over the past three years we've been able to grow our CDV business very significantly and today we are the fourth largest residential phone company in the country with 4.4 million customers or about 10% of the available homes. Almost 20% of our video customers currently take phone from Comcast. We added 2.5 million Comcast Digital Voice customers in 2007 which is 61% more than we added in 2006. We've hit our stride; we've been adding approximately 600,000 new customers for each of the last four quarters. We expect to be able to add as many CDV customers in 2008 as we did in 2007.

We grew total phone revenue to 1.8 billion, an $815 million increase in 2007, as we expanded the ability of our service by 9 million homes to 42 million homes or 86% of our footprint. We're seeing the benefits of our scale of the cost side of this business as well. We spent the time initially to build our own CDV infrastructure so we were able to handle the service offering from end to end.

As a result of these efforts we are seeing real operating efficiencies and it will only get better. Our direct cost per subscriber declined 40% in 2007 due to lower per unit rates for long distance and interconnection costs and improved network reliability which resulted in lower customer contact rates.

2007 revenue growth would have been greater if not for the impact of unwinding our old circuit switch phone service. As planned circuit switch phone customers decreased 476,000 in 2007 as we prepare to be out of the circuit switch business entirely by the middle of 2008. The impact from the unwinding of our circuit switch phone service reduced our revenue growth by over 1% in 2007.

We continue to see strong growth in our CDV service and see no reason why we can't double our business and achieve 20 to 25% penetration over the next couple of years. CDV is the cornerstone of our bundling efforts and we believe we are still in the very early innings. At the end of the fourth quarter about 16% of our total video customers had three services, that's up from just 6% a year ago. In all 54% of our customers take two or more services compared to 45% in 2006.

In addition to seeing continued success with our unlimited local and long distance service we've begun introducing more service choices like an unlimited local offer which includes per minute long distance that we'll bundle together with our other services in order to address a wider potential customer base. We're also very excited about rolling out CDV product enhancements in the second half of 2008 that will be first in the marketplace and that take advantage of our totally IP infrastructure.

Moving on to slide 13, our advertising sales business had a difficult year in 2007 with revenue down 3% and 12% in the fourth quarter alone. Fourth-quarter results reflect the lack of political spending and one fewer broadcast week in 2007. We continue to see weakness in TV spot advertising spending levels in key categories such as domestic, auto, real estate and retail and in geographic areas like Florida and Michigan. Growth in cable advertising should be weak, especially in the first half of 2008 with the lack of political advertising.

We remain enthusiastic about interactive advertising and we're working with the other cable MSOs to build an interactive advertising platform that will allow an easy and uniform way to buy and track interactive advertising across our different services including television. Our capital plans include an increase in spending in this area to build this platform.

Moving on to slide 14, in 2007 we began to introduce Comcast Commercial Services throughout our footprint. We generated $384 million in revenue, up 46% versus the year before. 2007 has been about putting the building blocks in place for this new business. We now have key leadership in every single region, division and at the headquarters level. We focused on hiring and training of professional salesforce in all regions.

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At the end of 2007 we have over 2,100 employees dedicated to the small- and medium-size business effort including about 750 business salespeople and 1,400 technicians. We estimate there are 5 million small- to medium-size businesses in our footprint that spend $12 billion to $15 billion in telecom services. Our goal is to capture 20% of the market and build a $2.5 billion business by 2011. Commercial CapEx levels well accelerate in 2008 as we more actively pursue the commercial service market and deliver very strong double-digit revenue growth in this business during the year.

Moving on to slide 15, in summary, as we look to 2008 we continue to see solid growth due to new products. Digital, high-speed data and CDV each have significant growth ahead of them. Commercial will become a larger contributor in 2008 and interactive advertising will contribute to our growth rate as well in the future. We're excited about product enhancements such as higher data speeds, more HD choices, going all digital and all the unique cross platform features that we'll be rolling out this year.

We also think we have a new marketing plan and pricing plans which will help us do well in this economic environment. I am very optimistic about 2008. We have a great business and believe it will do very well in 2008 and beyond. Mike?

Michael Angelakis - *Comcast - EVP, CFO*

Thanks, Steve. Outlined on slide 16 are several key financial priorities and I would like to spend a few minutes discussing these in more detail as it should help you gain insight into how we manage the Company.

Our first priority continues to be to secure long-term growth by profitably investing in our businesses both through organic development and, when appropriate, through strategic acquisitions while also aggressively returning capital to shareholders. This approach is balanced and disciplined. We will continue to invest in our businesses as it provides very attractive incremental returns and enhances our position for the future.

As we evaluate internal investments our focus will be on creating value by delivering financial returns that are risk-adjusted and well above our cost of capital. The Company's strategy on acquisitions and investments has been to build long-term value by primarily focusing on business connected to our core cable business. As Brian said, our revenue streams have diversified and the business is more complex. However our approach will be extremely disciplined and execution oriented when it comes to considering potential acquisitions.

Our commitment to thoughtful capital allocation applies not only to acquisitions and new investments, but also to regularly assessing our assets and redeploying capital where warranted. In fact, since AT&T Broadband the Company has been a net disposer of assets. From a financial perspective, besides revenue in OCF we are very focused on unlevered free cash flow, free cash flow and adjusted earnings per share as they represent critical metrics in evaluating the strength of our consolidated business.

Another priority is returning capital to our shareholders. In the fourth quarter we purchased 1.25 billion of our stock and for the full year we returned 132% of our free cash flow to shareholders through a share repurchase program. Today we've announced the initiation of a dividend that represents approximately one-third of our 2007 free cash flow and net income. Based on our performance it is our expectation that the dividend will increase over time.

In addition to the dividend we intend to use the remainder of our share buyback authorization by the end of 2009 of which 50% will be utilized this year. In order to meet these financial priorities it is critical to maintain a healthy balance sheet. I believe that maintaining a solid investment-grade rating is an integral part of our operational and competitive strategy. And this view has only been reinforced given the current turmoil in the credit markets.

Since I joined the Company capital expenditures and their related returns have been a focus of mine. Beginning on slide 17 I'm going to discuss our 2007 capital expenditure program for cable. As we've mentioned, 2007 was a year of significant capital

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investment, particularly around digital and advanced digital services, CDV and small business. Cable capital expenditures increased 7% to $1.5 billion in the quarter and increased 29% to $6 billion for the full year.

After a detailed evaluation and consistent with historical trends CapEx continues to be predominantly growth and revenue driven. The direct impact of subscriber replacement and growth in the employment of set-top boxes can best be seen in the investments in CPE and scalable infrastructure. These categories make up 70% of the 2007 CapEx program.

CBE is the largest component representing over half of total CapEx and it increased 28% or $686 million to $3.2 billion in 2007. Over the past 12 months it includes the net addition of 6 million RGUs and deployment of almost 5 million digital set-top boxes. 45% or 2.2 million were advanced set-tops and, as you know, are not included in RGUs. We installed two set-top boxes on average for every new digital customer added in 2007.

Additionally, CPE included the cost of equipment necessary to deliver CDV service to a net 2.5 million new voice customers. CDV equipment is the second most expensive component of CPE, advanced set-top boxes being the first. In addition to the increase in CPE and scalable infrastructure, support capital increased to $792 million in 2007 from $529 million in 2006. Total support capital reflects more equipment, vehicles and workspace to support the additional employees hired to install, maintain and service our growing number of customers.

As we highlighted earlier, our headcount increased by 10,000 in 2007. We also invested over $150 million in starting Comcast Business Services, supporting the 46% increase in commercial revenues in 2007 and positioning us for further growth in 2008.

Please turn to slide 18. As I discussed before, in addition to the traditional methodology I think it is useful to evaluate our CapEx for 2007 and 2008 in a different, more simplified way, categorizing these investments into maintenance, discretionary and growth buckets.

Maintenance includes investment that allows us to keep our competitive position and provide a foundation for growth. We think of this type of CapEx as the current and future cost of doing business. An example of this would be our need to buy additional CMTS' to expand our capacity as a usage of our existing high-speed data customers increase. We have determined that maintenance capital equals between 25 and 30% of the 2007 and 2008 investment. We've provided on our IR website an exhibit to today's presentation that provides support for how we arrive at our total maintenance CapEx.

Discretionary, which we believe is about 5 to 10% of our annual investment, is a small but important component of our CapEx investment since these investments lay the groundwork for future products and services. For this category we evaluate the strategic significance in the business cases to justify the investment. Typically these investments, like addressable advertising, will eventually have attractive paybacks. However they have longer-term horizons than is the case for our growth CapEx.

Regarding our growth CapEx, this 65 to 70% of our entire allocation is by far the largest component of our annual investment and is directly tied to revenue generation. We analyze the NPV and IRR of this investment. Essentially we look at the capital required to add on a gross basis a new product to service like HD DVR set-top boxes, line extensions or a new RGU against the lifetime cash flows, including churn, that the investment will generate. We are very confident that the incremental returns and cash flow generated by the investments in this growth category, which again represent over 65% of our total, are very attractive.

As we evaluate the combination of these three categories from a returns perspective our focus is ensuring that these investments drive profitable growth, are adjusted for execution risk and exceed our cost of capital.

Please turn to slide 19. I believe the most constructive way to explain how we look at returns on investment is through an example. In 2007 and 2008 the purchase of HD and HD DVR equipment is one of our largest investments and represents nearly $900 million or $1 out of every $7 of our total 2007 capital program.

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In 2007 we exceeded our estimates by approximately $250 million for HD and HD DVRs. Based on the investment in the incremental cash flows we generate from the deployment of this equipment it's clear to us we are creating significant financial value with these investments as we generate in excess of a 30% after-tax IRR. We obviously are quite pleased with this type of investment as the risk of execution is marginal and the return is significantly in excess of our approximate 8.5% weighted average cost of capital.

Today we are providing more detail here than previously and in the future we will continue to provide additional transparency on capital expenditures and their associated returns. Importantly, as we stated before, we believe CapEx as a percentage of revenue peaked at approximately 20% in 2007 with 2008 total consolidated CapEx expected to decline to approximately 18% of revenue.

Our 2008 CapEx outlook assumes a decline in our core residential CapEx including CPE expenditures despite an increase in our average cost per set-top box reflecting higher cost of cable cards and separable security. It also assumes we will continue to ramp up our capital investment to grow our commercial services business as well as invest in bandwidth enhancing projects like going all digital in certain markets as Steve mentioned. Our outlook, which is based on consolidated CapEx, also assumes a similar amount of capital at the corporate and other business unit level as we spent in 2007.

Let's move on and take a look at our balance sheet statistics on slide 20 where we highlight some of our leverage and coverage metrics. With total debt north of $30 billion I believe maintaining solid investment-grade ratings is important in order to successfully access the capital markets as we manage our periodic maturities and appropriately plan for investments.

But more important than the absolute level of debt is our leverage and coverage ratios. We are focused on maintaining an investment-grade rating. Today that translates into a leverage ratio of approximately 2.5 to 3 times. We think it is prudent to maintain our investment-grade rating, particularly given the current turbulence in the credit markets, the uncertain economic environment and the funding capabilities of our competitors.

It's important for me to also highlight that given the time frame around our buyback program and the initiation of a dividend we are not delevering and we will continue to use the financial strength of our business to invest for profitable growth that maintains our competitive advantage and also allows for a substantial return of capital.

Please turn to slide 21. Over the last three years we have returned $8 billion of capital through share repurchases and reduced the total number of shares outstanding by over 11%. As I mentioned, we intend to complete our current repurchase authorization of $6.9 billion by next year, the end of 2009, in addition to initiating a quarterly dividend with an annual rate of $0.25 per share.

When you factor in this buyback and dividend commitment our targets equate to over $8.4 billion over the next 24 months. This is a total of $16.4 billion return to shareholders from the periods of 2005 through 2009. Our ability to return this significant amount of capital is only possible because of our confidence in the business, its opportunities and its ability to generate meaningful free cash flow. With that I will now hand the call over to Marlene to begin our Q&A.

Marlene Dooner - *Comcast - IR*

Thank you, Michael. Before we open the line for Q&A let me point out that we have included two exhibits to today's presentation on our Investor Relations website. One of the exhibits provides details on how to arrive at maintenance capital. The second exhibit provides pro forma cable and consolidated 2007 numbers including Insight which represents the right base for comparisons in 2008. Again these exhibits can be found on our website under Financial Information and then Fourth-Quarter 2007 Earnings. With that, operator, let's please open the line for questions.

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QUESTIONS AND ANSWERS

Operator

(OPERATOR INSTRUCTIONS). Jessica Reif Cohen, Merrill Lynch.

Jessica Reif Cohen - *Merrill Lynch - Analyst*

Happy Valentine's Day, everybody. Two questions. One, Steve, could you give us a little bit more color on the interactive advertising initiatives and why you said there is no political advertising in '08 or why you don't expect that? Second, you said you are going to increase marketing in '08. Could you also discuss any customer service initiatives? Thanks.

Steve Burke - *Comcast - COO*

Okay, Jessica, we and the other cable companies have been getting together and starting to lay the foundation for a truly national interactive advertising platform, which I think is one of the most exciting upsides that we have in the business. I want to caution everybody this is complicated stuff, but we've made a lot of progress. We're putting real money into our capital budget, this year $50 million to $70 million on interactive advertising infrastructure. So this is going to be something that is very real and very significant in terms of its contribution to our business if you go out to '09 and '10.

In terms of political, political is definitely going to have an impact on '08 advertising, but not until the second half of the year. We didn't have political in a very major way at the end of 2007, but we would see as we get into the second half of 2008, political being very significant.

In terms of marketing and customer service, I look at our budget this year, both on the operating side and the capital side as what I would call a fighter's budget. In other words, we have made investments in marketing and customer service. We put capital in [to go], digital and all digital in 20% of the markets, DOCSIS 3.0. We are budgeting to come out swinging, and that is both on the marketing side and the investment and product development and customer service. That is all baked into the plan, and that is how we intend to run the business.

Jessica Reif Cohen - *Merrill Lynch - Analyst*

Thank you.

Operator

Craig Moffett, Sanford Bernstein.

Craig Moffett - *Sanford Bernstein - Analyst*

Mike, thank you for all of the extra detail on capital spending. Two questions if I could. First, it looks like you have had some margin expansion looking backwards. And my guess is you are seeing less -- with less housing velocity, you are seeing less activity in terms of churn and that sort of thing, as people just aren't buying houses and moving as much.

Wouldn't you expect continued margin expansion next year? Your guidance is projecting essentially flat margins. And then looking at your EBITDA growth guidance and the implied reduction in capital intensity, it looks like it would suggest more than 20% free cash flow growth, in that you're guiding to 20% free cash flow growth. I'm wondering if you could just comment on that as well.

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Michael Angelakis - *Comcast - EVP, CFO*

Sure, a couple of questions in there, Craig. With regards to margin expansion, '07 clearly was one where we expanded our margins. As we look forward we're going to be monitoring it very closely, but as Steve just said, we are making meaningful investment in the marketing and advertising side and the customer service side. So our guidance has a range but it's certainly a number we're going to monitor very, very closely.

With regards to EBITDA guidance in terms of growth for '08, we are looking at between 8 and 10%, that's clearly a range, and when you translate that from CapEx into free cash flow, free cash flow has many other items related to taxes and interest expense. So I think we're being realistic with our guidance and obviously there's a range in there that you have to look at with regards to what the OCF growth will be in '08. But I think that free cash flow has many factors to it and we are trying to monitor that as well very carefully.

Craig Moffett - *Sanford Bernstein - Analyst*

Thanks. And you didn't mention switch broadcast video in the capital budget. I was just wondering if you have any comment on that as well.

Steve Burke - *Comcast - COO*

We have about 15% of the country budgeted to be lit up for switch digital video during 2008.

Craig Moffett - *Sanford Bernstein - Analyst*

Okay, thanks.

Operator

Ben Swinburne, Morgan Stanley.

Ben Swinburne - *Morgan Stanley - Analyst*

Good morning, guys. Two questions. First, on SME, you had laid out a capital budget I think over a long period of back in your analyst day in May. You came in a little under budget in 2007, but if you'd just talk about that business '08-'09, what the capital budget looks like from here, if the equipment is ready to go from a multi-line MTA perspective.

And then just more broadly on the competitive environment, what are you seeing where you have FiOS and U-Verse competition? Is it something that you can comment on in terms of competitive threat, market share loss, pricing trends -- any color there would be helpful.

Unidentified Company Representative

First, on small- and medium-sized business, there's no question as we ramp the business it's going to be more capital intensive. We're getting -- I'm getting impatient that it's not ramping faster. It really is starting to move, but not as quickly as I wish it was. If you look at some of the other cable companies, they have commercial businesses that are much bigger than ours, even not adjusted for the fact that we're much larger.

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So we're putting a lot of attention -- we've hired 2,100 people in the business; we've got really every system in the country right now mobilized; we've got phone launched in addition to high-speed data, so you're going to see a real ramp. It's very hard to tell how fast that ramp is going to be and how much capital that business is going to take because that's a business with very high returns which we think is very complementary to everything else we do and we certainly don't want to be in a position where we put out a capital number and then slow the business down to hit that capital number.

In terms of FiOS and U-Verse, there's no question Verizon is real and is taking some subscribers from us. We believe we're taking a multiple of the subscribers from them on the phone side that they're taking from us on the video side, but Verizon is real. We track it very carefully and there's no question that their builds are where they said they'd be and they're gaining penetration.

Even in the FiOS areas we're still continuing to expand our high-speed data business nicely, our telephone business nicely. So I think head on head we're competing just fine and FiOS is in a real minority of our company now, less than 10% of our homes passed have FiOS.

In terms of U-Verse, we're seeing much less of a competitive effect from U-Verse. It's hard to tell where they really are, it's hard to tell where they're really gaining customers and I don't know whether that's because they can't make the product scale or they're having technical problems or maybe they're having more of an impact than we believe, although I don't think that's the case.

DirecTV and EchoStar are also strong competitors. So we're seeing a very competitive video marketplace. I think the good news is we're doing extremely well with phone, we believe we're going to have a very good year with high-speed data, and as we get into commercial and interactive advertising, when you put it altogether and really look at revenue and cash flow growth and free cash flow growth it's all going to be a good story.

Unidentified Company Representative

What I would just like to add to that, I think we -- all that's right and we have anticipated for years that the day where you have increasing competition would be coming and we've diversified our revenue. I just want to emphasize the point that this industry is well-positioned I think to be in a position to put out a plan like we've just announced that will factor in increasing subscriber losses. But despite that you're going to have healthy EBITDA and revenue growth because of the runway that we have on the data business.

It may grow a little slower but it's still growing, it's terrifically profitable and we have now, as Steve mentioned, the higher speeds, the lower speed, the phone business we're only around 10% penetrated. We feel that that's finally reaching cruising altitude and that's going to continue to go. And our wireline business as an RGU matter is substantially winning market share in wireline products compared to our wireline competitors and their RGU growth in the wireline business.

So I think -- and then you layer on a longer-term roadmap where you've already deployed fiber across the -- basically the entire footprint, can make your products better and better each year and that's factored into this plan, I like our position.

Ben Swinburne - *Morgan Stanley - Analyst*

Thanks, guys.

Operator

Jeff Wlodarczak, Wachovia Securities.

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Jeff Wlodarczak - *Wachovia Securities - Analyst*

On the repricing of the $99 triple play after the 12-month promotional period, are you able to reprice those subs materially higher? Can you talk about the churn around that repricing? And then second, on your guidance for 8 to 10% consolidated EBITDA growth, that includes your content business which is growing 20, 30%. Can we imply your cable EBITDA growth could be less than 8 to 10% in 2008? Thanks.

Brian Roberts - *Comcast - Chairman, CEO*

Why don't we take the second question first and just -- no, that's not what we're implying. I think when you just -- I guess our view is 8 to 10% for the whole company.

Steve Burke - *Comcast - COO*

I'm happy to add to that. Our content business obviously is a relatively small portion of the whole, so it is growing a little bit stronger than the cable business, but the cable business will be growing right in that range.

Michael Angelakis - *Comcast - EVP, CFO*

And in terms of the $99 promotion resetting after 12 months, what we look to do is to have a reset of about $20. What we have found is that as the economy has softened it's harder to get the 20 than it was and one of the reasons why we've introduced these economy tiers is there are some people who get to the end of the 12 months and say I can only or I only want to pay $99 now with the slower speed high-speed data product we can say okay, you can stay at $99 but you'll have a slower data product.

So we're still shooting for the 20. The majority of customers do stay with us and we are able to upgrade them. But with this lower speed high-speed data product somebody who wants to stay at $99 will be able to do so.

Jeff Wlodarczak - *Wachovia Securities - Analyst*

Thanks.

Operator

Ingrid Chung, Goldman Sachs (technical difficulty). Vijay Jayant, Lehman Brothers.

Vijay Jayant - *Lehman Brothers - Analyst*

-- get your philosophical view on the mix between the buyback and the dividend, 1.4% of renewal is a very good start, but it's similar to other (inaudible) companies, but it's probably a percentage point lower than the S&P. Just philosophically why buy back more versus a dividend if you could give us context? Thanks.

Brian Roberts - *Comcast - Chairman, CEO*

Let me start and Mike can add color here. First of all, I appreciate your observation that we view it as a start. For a majority of the Company's history we've had a dividend. When we got into the last period of years we were investing in rebuilding the business. We were ramping new products and we were putting the business to work -- the money to work that way and we of

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course bought a lot of stock. We do feel that with the free cash flow now resuming its steady march forward we hope we're going to be able to be in a position to do a dividend.

We have brought stock, we've talked to a lot of investors about the preference on that mix and you get many different points of view and I think we feel it's a good balance. In looking at our debt ratings and looking at for BBB, BBB+ companies was one consideration, another is what the S&P, another is what the S&P media companies, that index are doing. I believe the S&P's around 2% yield.

The other factor we looked at was what is the payout of our actual free cash flow. Last year's free cash flow, as Mike mentioned on the call, came in at around $2.3 billion, $750 million dividend is about a third of that. So we feel we've tried to have a very meaningful start, $750 million a year because we also wanted to buy the stock in an accelerated fashion which we've also announced today.

Michael Angelakis - *Comcast - EVP, CFO*

Brian, I think you hit all the points. I mean we're trying to strike the right balance between the dividend and the repurchase and our payout ratios both on free cash flow and net income. And hopefully, as Brian said, we'll be able to continue to increase that dividend as we go forward.

Vijay Jayant - *Lehman Brothers - Analyst*

Thank you.

Operator

Spencer Wang, Bear Stearns.

Spencer Wang - *Bear Stearns - Analyst*

Two questions. First, on the basic video business your penetration actually dipped below 50% by the end of the year. So I was wondering if you could talk a little bit about the likelihood of future price increases given the competitive environment? And then secondly, can you just update us on your thoughts on wireless and what you may or may not plan to do with the spectrum from the AWS auction? Thanks.

Steve Burke - *Comcast - COO*

I'll take basic and then I'll pass to Brian for wireless. The fact of the matter is in our video business, and this is the same for us, AT&T, Verizon, DirecTV -- anybody who's in the video business -- the major cost that we all have to bear is programming and programming prices are going up. And so it's hard to imagine the business not having a retail price increase on a pretty consistent basis and we're seeing that right now with Verizon, with the satellite companies, seeing that AT&T is taking up DSL prices. I don't think the notion that price increases are a thing of the past really is in our thinking.

Let me more broadly talk about basic in our penetration. We're in five businesses now, which is not how people normally think of cable companies, but we're in video, voice, data, commercial and advertising. And video is one of the five, it happens to be the biggest of the five, and one of the components of video is basic subscribers.

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So really when you look at the whole company I think it's obvious traditionally basic subscribers was all there was, but it really kind of minimizes the sort of success or lack of success in the Company. And it really is much fairer I think to look at revenues and operating cash flow.

And because those other businesses, and because high def and DVRs and other parts of our video business are growing well, I think that really balances out whatever happens with basic subscribers nicely. And we would certainly think that the video business itself should continue to grow through price increases, through pay-per-view, through DVRs, through high def, etc.

Brian Roberts - *Comcast - Chairman, CEO*

And that's why we're doing things like Project Infinity and trying to constantly improve our high def offerings and our ON DEMAND offerings and having positioned the Company to be ready for this kind of competition that frankly we can't control all the behavior of the competitors and you just have to have multiple businesses to grow and that's why I'm excited about the plan.

Okay, to your wireless question, I think nothing has really changed in wireless. Our focus remains on finding a way to extend our services, to provide some form of mobility, to find features that integrate well with our services and are compelling to consumers and provide us with incremental revenue growth.

Through the AWS spectrum, which covers most of the country and our footprint that we own with the other cable operators in Spectrum Co., it gives long-term flexibility, there's nothing new. What Spectrum Co. is doing is, as probably always planned is that when you acquire that spectrum you've got to have it cleared for it to have any usefulness. So Spectrum Co. is beginning that clearing process, it's a multiyear regulatory driven process.

So there's really nothing new. I think it's important to stress that the strategy has not changed and that we're studying what's the best way to utilize that if at all. But we're not seeing an impact from the wireless business in the results that we reported today or in our plans for 2008.

Spencer Wang - *Bear Stearns - Analyst*

Great, thank you very much.

Operator

Doug Mitchelson, Deutsche Bank.

Doug Mitchelson - *Deutsche Bank - Analyst*

Thank you very much. Two questions. Steve, could you give us the sell-in levels for high-speed data and phone and the triple play so we can just compare that with the ultimate penetrations you're trying to achieve there? And then Mike, I agree with Craig that the new disclosures regarding CapEx will be appreciated. You (inaudible) CapEx dropping to 18% of revenue for 2008. As you look farther out in time where do ultimately see CapEx settling out as a percentage of revenue? I know some are hoping that at some point it can eventually get to 10% of revenue. Does that make any sense? Thank you.

Steve Burke - *Comcast - COO*

I'm not going to give you the precise sell-in levels. They bounce around a little bit, but I think it's fair to say that our sell-in levels on all three of those products -- high-speed data, phone and triple play -- are significantly higher than our current penetration

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levels. So in the case of high-speed data for example we're at 27% penetration. We have a lot of markets with sell-in levels at 40% or 50%. And the phone sell-in level is much higher than the current phone penetration of 10%, same thing with triple play.

Doug Mitchelson - *Deutsche Bank - Analyst*

I guess then can I just change my question for you, Steve? You mentioned about the balance of the five products that you're now selling. I think some might be concerned that the basic sub is the building block from which you sell all the rest of them. Can you make any comments on that?

Steve Burke - *Comcast - COO*

It can be the building block, but we have millions of customers that don't take video and take either high-speed data alone or phone alone or some combination. So there really is a real opportunity I think when you have 24 million homes that don't take video from us that we can go to, even somebody who doesn't take video but likes their satellite service, we can go and offer telephone and high-speed data. So I think there really is an opportunity there.

And I think our feeling is that even though the high-speed data business is maturing, if you do the math there's probably on the order -- if we end up getting to 40% penetration of homes, there's probably on the order of 6 or 7 million more high-speed data customers which could mean four or five more years of really good growth of over 1 million subs a year.

And then in phone, at 10% penetration we're really just getting started. Cox and Cablevision have lots of neighborhoods and markets where they're 40%, 50%. So I think phone has a long way to grow. And you asked a very good question because the sell-in rate in theory gives you some sense for where you're going to end up and the sell-in rate for those products plus the triple play is way in excess of where our penetrations are.

Brian Roberts - *Comcast - Chairman, CEO*

And I think that one of the products that Steve is not even mentioning that much is like take last year, we sold a lot more high def DVRs. That's an incremental revenue stream, doesn't show up as an RGU, doesn't show up as a basic sub necessarily if it's an already digital customer in terms of the growth of the change. But that's how we were able to get the average ARPU for the entire company over $100 for the first time. So ultimately you've got to look at the whole picture. Mike, do you want to answer the CapEx question?

Michael Angelakis - *Comcast - EVP, CFO*

As you know, in our guidance for '08 where we have great visibility, the percentage of revenue for a CapEx program is coming down from 20 to 18. And as Steve has mentioned, that CapEx program includes I think an offensive budget which has a lot of initiatives. Beyond 2008 it's obviously difficult to forecast, but I think our belief is you'll see a slow trend downward as a percentage of revenue.

Doug Mitchelson - *Deutsche Bank - Analyst*

All right, thank you.

Operator

Brian Kraft, Credit Suisse.

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Bryan Kraft - *Credit Suisse - Analyst*

How will margins trend for commercial going forward? I think you've said in the past that margins would be 50% in this segment, obviously last year you took on a lot of cost ahead of scaling the revenue. So as you scale more this year can you give us a sense of where the margins will be by the end of the year and when commercial actually becomes accretive? And then also just real quick, if you could comment on bad debt expense and how that's been trending for the last couple of quarters. I know you had a big increase last year? Thank you.

Brian Roberts - *Comcast - Chairman, CEO*

Commercial is accretive now and we've said that previously. And the contribution from commercial will grow very nicely this year and next year. It's very hard to tell precisely exactly where our exit margin would be, but that's a very good high margin business. Where that business should be a, if not 40, 50 in that range margin business as we go forward.

Michael Angelakis - *Comcast - EVP, CFO*

I guess I'll take the bad question. I think as I mentioned at one of the conferences, in the first nine months of the year we did see a tick up through the third quarter of bad debt. Actually in the fourth quarter I think that's come down a little bit as we've instituted some more collection and credit screening policies, so we think we're on top of it and managing it pretty well.

Brian Roberts - *Comcast - Chairman, CEO*

Let me just finish the call then by saying that as you sum it up this is -- and appreciate the patience for those that are still on the call -- we took a little more time in laying out really I think a comprehensive strategy, a good analysis of what happened in '07. A lot of time spent on preparing the '08 plan so that we can feel comfortable that factoring everything that's happened and is happening in the marketplace that we can achieve our plan, that that plan now allows us to focus on, in addition to revenue and cash flow, really resume the free cash flow focus that the Company has had and will have on growing that metric significantly at a fast rate.

And that allows us to simply return capital to shareholders while, as importantly or more importantly, focusing on building the business for the long-term shareholder growth which comes from investing in good returning projects, but at the same time, strategically significant projects, it allows us to have better products that anybody in the market. And I think this is a good plan, we're excited about the year. We look forward to updating you as we progress.

Marlene Dooner - *Comcast - IR*

Thank you all very much for joining us.

Operator

We have no further questions at this time. There will be a replay available of today's call starting at 11:30 AM Eastern Time. It will run through Friday, February 15th at midnight Central Time. The dial in number is 800-642-1687 and the conference ID number is 3044-9562. A recording of the conference call will also be available on the Company's website beginning at 12:30 PM today. This concludes today's teleconference. Thank you for participating. You may all disconnect.

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