

# FINAL TRANSCRIPT

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**CMCSA - Comcast Investor Day P.M. Session**

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## PRESENTATION

**Steve Burke** - *Comcast Corporation - EVP & COO, Comcast Corporation and Comcast Cable*

So why don't I start while people are moving in? The business is changing so quickly that one of the most important parts of our company is the whole engineering and technology side. When I first joined the company Brad Dusto was our Head of Engineering, Brad's now President of the Mountain Division. And I think Brad had maybe a half a dozen people that worked with him and what Brad used to do, anytime anybody came in with an idea he would say is TCI doing this and the company way yes or no.

And if they said yes he would then try to get the same price as TCI and if he did that he felt he was done. We now have literally thousands of people working in our engineering group running the plumbing behind our Internet site, massive investment in software and provisioning and the company has just gotten infinitely more complicated over the last eight or ten years. And so we have really built up our engineering expertise.

The two gentlemen you're going to hear, we decided that the job of the technical and engineering side of the company was really two jobs and two very big jobs. And so a little over a year ago we hired John Schanz who is in charge of all of our engineering operations. John came to us from AOL, had never worked in the cable business, but was the person who ran all of the network and data center operations for AOL the world.

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And what we loved about John was he really understood how the IP side of the business works and he's a really strong hands-on operator. So when we have an outage or a problem, John is always on the bridge and very much a guy who leads from the front and he's made a tremendous impact in the little over a year that he's been here.

When John was at AOL another thing that attracted to us, John and his team took \$1 billion worth of cost out of AOL. So one of the fears that when you work for a cable company you always have is that somebody will come in and try to gold plate our network or spend too much money, John has a very good cost consciousness about him as well. So hired John and he's been running the engineering operations since he got here and doing a great job.

Then our CTO, Dave Fellows, had been commuting from Boston since we bought AT&T, that's how we got Dave, and Dave made it pretty clear that he was getting tired of the commute. So we then went out and looked for a CTO and it was a little bit like Bill Stemper, the gene pool when you decide you want to go after somebody who's got cable experience is not all that large. And everybody who we talked to said, "Well the guy you really out to try to get, but you'll never get him because he's John Malone's technology guy, is Tony Werner. And again we were fairly relentless with Tony and were very fortunate to get Tony to join us.

Tony grew up in the cable business. Unlike John Schanz who came from the IP side of the house, Tony grew up as a pole climber and Tony has progressed through every single job inside the technical side of the cable company. And his Liberty International experience we think is really valuable because there are things going on in Europe and in Asia and in Latin America that Liberty Digital has experienced, like IP television and various different things that are going on in the high-speed data platform, that we haven't experienced in the United States. So in effect Tony got to see sort of a Petri dish of things that are going on in the telecommunications around the world.

So we were very happy to get Tony and the great news is that Tony and John get along and are two mature adults not trying to steal each other's turf. And we're going to try to prove that by having them do the presentation together. So I guess we're going to start with John and then pass to Tony for a tour of everything that we're doing in Engineering at Comcast. John?

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**John Schanz** - Comcast Corporation - EVP, National Engineering & Technology Operations

Thank you, Steve, and I really am delighted to be a part of the team tradition here at Comcast. I guess probably one of the only worse spots before lunch would be talking about bits and bytes and speeds and [steeds] here right after lunch. But Tony and I are going to really try to run through this and make it very interesting for you. In the way of the agenda, we're going to spend a little time on network overview. I think it's important to talk about our scale, it's important to talk about some of the technologies we're using and some network facts.

We're also going to spend some time, second part of the agenda, on what we've built because we have built a singular converged network. And I know that's been hit on here already and we really want to kind of draw some attention to that. We'll talk about our improving economics, and we're doing that through a number of levers including scale as well as open standards. And then we're really going to look at how the network evolves over the next three years and Tony is going to spend a lot of time deep diving in that particular area.

A few network highlights, I mean we have a converged network, a network that is efficient, that has significant capacity and we will show you that here in the next 30 minutes. I think one of the important parts is we have unmatched flexibility in how we add capacity, where we need it and when we need it, and I know Tony's going to deep dive in that area. We're using scale, Internet technologies as well as open standards to continue to drive some of our economics.

And then, one of the things that's important is we have a number of levers that we're going to talk about over the next 30 minutes to create capacity. To enable some of these product and experience that you heard about this morning, to enable the Business Services capability that Bill Stemper talked about, and just some of those levers that we will utilize including Switched Digital Video, improved compression technology as well as open standards, DOCSIS 3.0 is just a small sample.

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So a little bit about the network overview, we have one of the largest networks in the world and you can see our plant route miles here over 560,000, over 100,000 optical physical nodes. But probably one of the biggest points that bring us home, if you were to take our plant route miles, if you were to take all these segments down from pole to pole or in the trenches that some of them are buried in, and you put them end to end and took these plant route miles and you wrapped them around the earth at the equator, the greatest circumference, it would wrap around more than 22 times.

So this is a very scaled, very large network and some of the technologies that we're using actually deploy and deliver the services that are talked about include one of the industry's first to deploy production 40-gigabit integrated optics, not only in our backbone but in our converged regional area networks. These are aggregation points for our systems. They're also where we distribute content to.

We're using soft wavelength routing, which allows us to basically route wavelengths on our backbone and in our regional metropolitan area networks. We're fully capable in not only IPv4, Internet Protocol version 4 which is the predominant use of Internet Protocol today, but we're also operational with IPv6. And this helps support a lot of the IP addressable devices that we're hooking up to the network. We use technology for quality of service so that we converge our video, voice, and data infrastructure on the same network on the same plant. We also have a self healing architecture and that architecture helps us produce the most reliable network in the world.

One of the things here in terms of a sample of what this network delivers, just to give you a sense of some of the scale and what we deliver to customers, we deliver over 190 million ON DEMAND views per month. We also deliver over 1.1 billion web pages on any given day on our high-speed data service. If you were to look at sourced IP video, video that comes on our infrastructure that's sourced. We're actually delivering over 1.5 petabytes of video on each day. We're also delivering over 57 million emails to our customers.

And really this is sort of snapshot in growing that I wanted to share with you today. And probably one of the biggest things to bring it into context would be take a look at, when you add all this up, Comcast delivers over 418 terabytes of entertainment, communication and information into an average household every month. And that's really 20 libraries of Congress or more than 900,000 times more than what YouTube might deliver into an average consumer house in a given month. So this is a very large and scaled network.

Let's talk a little bit about what we've built, and I really want to take you through this topology from left to right. If you look on the left side, these clouds are meant to depict content sources, their destinations, their communication links for all the services that we roll out. When you move to the right what you see there in blue is our primary head ends. In these head ends we've deployed a gigabit switching and routing fabric that allows an incredible amount of scalability to deliver on these products and services and growth that's been talked about this morning. And also with using gigabit Ethernet as a switching fabric in these head ends, it allows us to ride the economics of Moore's Law.

When you move to the right from the head ends, that's where we extend the head ends via fiber deep into where our customers are present, either in the residential side or along where the commercial businesses are that Bill talked about. And then we talk about the last mile here, but sometimes I like to refer to it as the last half mile, I mean a lot of these runs and distances are very short. So if you take that as topology and you overlay our first service, our Comcast Digital Cable, this is deployed over the same converged that I just walked you through.

We're very, focused on the FCC mandate in terms of February of '09 and having digital deliver of services. We expect to exit this year with 88% of our footprint out of those head ends to be all digital simulcast capable for our customers. We've used a variety of technologies including 256 QAM to deliver these services. And this is the infrastructure that delivers a lot of the video capabilities that I talked about in terms of network scale or in fact what some of the product teams talked about this morning.

Taking that very same infrastructure now and rolling on top of it our next product would be Comcast High-Speed Internet. And this Internet capability is accessed, you can see on the far left we switch from video-type content sources and destinations to

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Internet sources and destinations of that head end. Clearly we're focused on supporting the product plans including speed increases that were talked about this morning. Some of what we're focused on going forward is the use of channel bonding or DOCSIS 3.0 so that we can create experiences for our high-speed Internet access that are 100 megabits and greater. Also looking to leverage this infrastructure for a more aggressive focus on commercial or business services Internet capabilities.

Now if I take that same infrastructure and layer the third product on there, Comcast Digital Voice, what you'll see is that through this existing network and infrastructure and plant, CDV is available in 75% of our high-speed data homes passed. We're leveraging the existing IP infrastructure as well as our provisioning system in software. We are deploying soft switch technology to enable our Comcast Digital Voice product and we expect to have over 70 switches in production by year-end '07.

Coming soon we're focused on using SIP, which is really an IP handoff of voice trunking that will allow us to scale. It will also allow us better economics and reduction of some of the PSTN costs in our voice service. Once we not only have PSTN trunks but we also have SIP handoffs, we're looking to deploy some thing that's called least-cost routing. So when one of our customers makes a phone call that we can take different paths, not only for reliability, but also to provide the least-cost routing of that phone call.

So, in terms of optimizing network capacity to expand products, what I really wanted to walk through here to give you a sense, starting on the left, our existing plant. The majority of our plant everywhere in the infrastructure today as we stand here delivers 4.5 gigabits a second to every household. The plant today delivers that.

If you look on the left what you see is less than 50% of that bandwidth is allocated to digital services and there is a tremendous amount of analog channels that are used in that service today. If you think about the FCC mandate in terms of February of '09, which I happen to think is our friend, and we transition some of these services and groom analog services onto digital platforms, that frees up bandwidth for our infrastructure.

So, when you combine some of the analog channel grooming onto digital services with a number of technologies including switch digital video, including high definition compressions technology, including DOCSIS 3.0 and including dynamic VoD routing which will allow our customers to grab a Video on Demand asset, not only around the edge or the head end that serve them, but from anywhere across the backbone infrastructure in our total network end-to-end. So these levers, not only the analog grooming and reclaiming, combined with these technology deployments, creates a glut of capacity on the right side for 2007 and beyond. And in fact that capacity, what makes it very flexible can be utilized for any of the services that consumers and the product team will take us to that you heard about this morning.

So, 2007 is another high growth year for us. I wanted to share with you how I think about the business in my area. Steve talked about joining the company and this is the four plays that I run in my play book. The first one is foundational work, to me this is really keeping the lights on. This is work that keeps our network up and running at peak performance. We spend a lot of time here because all of our products run across this network infrastructure.

The second basket, which is by far the largest and where I spend most of my time, is what I call success-based growth. And I know that Dave Scott is going to talk a lot about of this in terms of scalable infrastructure, but a lot of where I spend my time is growth driven by these RGUs that everyone talked about this morning, including CDV, IPv6, connecting a number of devices to the network, also Switch Digital Video. So I think that's a big part of where I spend a lot of time and I think Dave's going to show you it's also a big part of where some of our investments are right now.

I also spend time on cost avoidance. So what are the types of investments that we would make to actually offset or improve our unit economics. And just a couple of examples would include these SIP handoffs, the ability to hand off voice traffic not just through traditional TDM means, but to hand off that traffic through an IP interconnect.

The second is our backbone, our backbone is up and operational, I'll talk about that, but in fact to leverage it more beyond just high-speed Internet data. The fourth part of the play book that I spend time on is cost cutting and this is an area where we're

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looking at reducing cost, winding down product, I know you're familiar with our Circuit Switch Voice product, we call it CDP, we're winding that down. Also, part of this analog grooming and reclaiming, in fact where we can help take cost out of the business. So those are the prime four play books if you will that I run.

So our converged network, just to sort of break it down a little bit and look at it in major, major segments. Up top here our backbone was complete in 2006. Today as I stand here before you it's carrying approximately 33% of our high-speed data traffic. The leverage that we intend to continue to put on that backbone would include things like more On-net Internet traffic as well as third-party interconnects, using that backbone for least-calls call routing and reducing our PSTN costs, also for video distribution and transport. That's a big part of our network in the backbone.

The second that I wanted to talk about was our Converged Regional Area Networks. And if you think about this, this is networks that we have in the metropolitan areas that either aggregate traffic from the regional systems or provide distribution of our products and services into those systems. This was started in 2004 and over 90% of the households passed are CRAN connected today and it provides highly scalable capability around video, voice and data.

We also intend to use this infrastructure and leverage it in some of the supportive Business Services that Bill Stemper talked about this morning. One of the things to think about in terms of network scale and economics is time-of-day type capabilities when in fact the network is, certainly never idle, but largely more idle during the business day and leveraging this network for commercial services.

The third and final piece that I wanted to break down was our HFC plan, which is in fact also a converged infrastructure. Today over 95% of the plant is 750 megahertz or greater. It provides, as I said, 4.5 gigabits a second into every household and it carries all of our video, both Linear and ON DEMAND, it also carries high-speed data, voice and our DOCSIS channels. I think it's really important to highlight the accordion affect, as I call it, with the four technology levers as well as analog grooming where less than 50% than that bandwidth is allocated to digital services. And probably even more importantly, less than 2% is allocated to IP traffic today.

So let's talk about the advantages of scale and there's really a couple of points that I really want to drive home here with this slide. One is that our up-front investments are behind us now in terms of scale and what I just talked about in our converged network. And really one of the things to talk about in scale is how you leverage that scale and how do the economics start to really favor you going forward in scaling up more services on existing plant.

So the one that I would share with you that really kind of dives into backbone economics specifically, if you take a look at the investment that we put into the backbone infrastructure in 2005 and in 2006 when we completed it, and you looked at the amount of capacity that created, this year already in our plan of record, and what we're continuing to do to continue to leverage the backbone, is we're actually doubling the backbone capacity by year-end of '07.

The real important part is not only are we doubling the capacity and investing in existing plans, but we're doing that at one-fourth of the cost of the initial build. And that's the kind of scale and economics that we expect through the backbone. So we expect to obviously yield capital efficiency, lower costs in these bullets here and faster time to market. And one of the things that's important is, with this converged network, is that we can focus on developing application not new networks.

So video and open standards is a big part of our focus, we talked about that being a lever. This is meant to be just a quick true-up in terms of some of the open standards that we'll be working on in video. Aspen is our project name for creating an open video platform on our set-top boxes. It really creates a mediation layer or an abstraction so that applications and experiences in the graphic, shown on the right, can be common across all platforms and (inaudible). So it creates middleware that abstracts away from the hardware of these application experiences.

Our RNG box is our next generation open set-top box hardware, it's completely compatible and backward compatible with our existing plant and infrastructure. But on a going forward basis it will provide us a different capability in the infrastructure, which

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I'll talk about in the next slide. The other place is around our next-generation ON DEMAND and Switched Digital Video, these are places that we're also looking to drive standards and scale over time.

In terms of the RNG box, this is our open set-top box platform, we stepped back and looked at the February of 2009 digital mandate and looked really thoughtfully about what did that mean for our products and services and customers. We came up with a reference model for set-top boxes, just as we did with cable modems in the days of launching high-speed Internet, and really started to create a capability where please would build to this hardware platform and then in fact we would layer software and capabilities on top, like David Juliano and team talked about this morning.

You can look at this chart from left to right from the low end RNG 100 all the way to the 1000, but if start in the middle, that's our real focus in 2007. Obviously consumer demand around high def and DVRs is driving all of our capabilities there. Next year we expect to move into entry level all digital mass market with our RNG 10. And then on the right the RNG 1000 is really a full blown gateway capable device that will have all of the products and services and capabilities on it.

So in a way of close, you know our converged network I think has the capacity to deliver products today and into the future, and I hope we'll be able to show that with the number of the facts and the way we're doing this. Our economics are scaling well through open standards and through scale. We have multiple levers to optimize the network and using these levers to further grow capacity and enable products on the infrastructure. And open standards will continue to drive innovation and reduce our total cost of ownership.

So with that I'd like to transition to my partner in this, as Steve mentioned, Tony Werner who is the CTO of our company. I share this technology ride with Tony in doing the engineering and the operations piece, and with that I'll turn it over to Tony, my partner.

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**Tony Werner** - Comcast Corporation - EVP & CTO, Comcast Cable

Thank you, John. Well I'm going to pick up right where John left off and talk a little bit about how we evolve this network, especially over the next two or three years. So in doing that I really want to focus you on four areas that are very critical to us and I think will really relay to you just how flexible and how much capacity we have in this network. The first one is optical scaling or what we often refer to as node splits.

The second area I want to focus on is digital optimization. John talked a little bit about our RNG platform and you probably seen in MPEG-4 up there on that slide. All of these boxes are backwards compatible with our existing networks, all of our existing boxes today are forward compatible so we're not throwing away any set-boxes, we're not throwing away any hardware. But the digital optimization I'm going to talk about here actually applies to MPEG-2 and there's a couple of companies that I'll highlight a little bit that we're working with that are doing some amazing things in this area. Switched Digital Video you've heard a lot about from a number of operators and then of course our high-speed data evolution with DOCSIS 3.0 and channel bonding.

So the two points that I think are critical and I want to drive home on the optical scaling is really just how flexible we can apply this capacity. A lot of people talk about just-in-time adding of capacity and just-in-time adding of capital, but here we can actually surgically determine right where you put the capacity, which is unique to our architecture and I'll demonstrate that, or illustrate it just a little bit. The second point here is the node splits that we're seeing today are driven predominantly, in fact exclusively by downstream applications, so Video on Demand and high-speed Internet is what's causing us to split the nodes, and the markets success of course we're having in those areas.

So capacity where and when it's needed, you know most of us think of broadband penetration and even though this is fairly obvious you think okay you have a market with 30% penetration, is 30% from one end to the other. But the fact of the matter is it varies widely, even within a given community, even in very small areas. And so here I show you can have a 30% market

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penetration with 10% in part of the areas, 60% in the others, and that's actually not exaggerated in the least. If you look at the San Francisco Bay area, I've seen our optical nodes that are over 80% penetrated today in areas where you've got a lot of high tech employees, Sun employees and things like that.

But the point for our architecture is we only have to go into the area where capacity is exceeded to augment our capacity. And there's no other network out there that can do it this way. If you take DSL or even fiber to the premise, they have to go in and predict a certain amount of capacity that they're going to need. So remote terminal DSLs, for example, are going to these four locations, they would plant large pedestals. They would predetermine maybe a 30% penetration or 20% penetration, and then once they've succeeded in one of them they have to do a lot of work, sometimes includes adding another cabinet.

But the bigger issue is, in the areas where they don't have that penetration. They've got idle capacity that's lying fallow for a number of years, maybe forever, because they've had to put in over capacity to begin with. We come in and can selectively add the capacity as we go, and I think that's unique advantage we have and one of the reasons we have so much capital efficiency in the network.

This here shows just another view, it's a little bit similar. When we go in to launch a new service in this network, we can make one trip to either a head end or a primary hub and then we provide service to that whole area. We don't have to take a visit to the field when we launch high-speed data or when we launch Video on Demand this is actually what we do. Now we usually go in and we'll group two or three nodes together. And why do you do that? Well it's simply to scale and to have better economics. So here instead of buying three network elements to put in the hub or the head end, you buy one, it serves a larger area and probably covers us until we get to 10, 15 maybe even 20% penetration.

Then at that point, if we need to add more capacity, we go into what we call node splits. And we've really got three types of node splits. And we've really got three types of node splits that we refer, the first are logical. Logical node splits mean that again we just make a trip to the head end, drop in two additional devices and all of a sudden we've in essence tripled the capacity of the network in the area that we need to.

The second type of node split that we do we call modular and there we do make a trip to the field. When we go to the field what you do is you open up an optical node lid, plug in a module and you have twice the capacity in it. Again it's very quick, very efficient to do as we go forward. Now I showed two up here, most of our modular nodes are set up to where you can do that four times. So each branch that comes out of it can become its own logical node.

And then the final one that we do is capacity or [take risk it] extraordinarily high, we do what's called physical and we do go to the field. And again, as John said, we place a very, typically it's around 1,000 feet of fiber, place another optical node and again you have doubling of capacity. And I want to add that that node we put in also has four branches, so we've always got upside above and beyond their "if needed".

So if you take a look at how it breaks down in 2007, 65% of our node splits are these logical, very easy to do and we can basically do them on a moment's notice and at the time right when we want to deploy the capital. 25% of these node splits are the modular where you go out and put a module in the optical node, and only one in ten are where we actually place fiber, and again it's typically around 1,000 feet. If you add it all up it comes out to less than \$7 per affect home passed. And again this isn't every home passed in the system, it's only those where actually have to perform the work.

So digital optimization, I talked a little bit about that and I promised Steve Burke that I would go briefly on this one or he'll punish me. But there is basically two companies that are doing an awful lot of advancements in this area, one of them we've already invested in and another one we're in the process of making an investment in, and these companies are working on two different techniques. The very top one here, which is called Dual Pass Encoding, works for just about any content, real time or non-real time, and gives a substantive improvement in the quality and in the capacity that you can carry on a system.

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The second three work together and really only avail themselves to broad or stored content, which we have a lot of. But the end result with the viewers that we've done so far, and there's been a lot of them including myself, is that we can carry 50% more in a six megahertz channel with much higher quality. If you look at it, I mean one of the techniques that's used is what's called Variable Bit Rate or Stat-Muxing. Today on all of our Video on Demand we actually limit the speed, the 3.75 megabits for each stream, we put 10 of them together and they fill a 256 QAM channel or a six megahertz channel.

When you do that you're limited to 10. If you take the ones that don't need a lot of bits at the time because there's low motion or there's low content in the video, and you say you're going to reduce your bit rate at that time and put the bits back in the pipe so that when you have a sporting event or something else that can use those bits, you can put in up to 50% more streams on the same channel. And that's what we are doing right now.

Switched Digital Video, I'm going to a little bit on this and I think you've probably heard this from most of the operators because everybody is looking at this fairly intense. But basically in today's network, which is the top picture there, every stream which is well over 300 now, is broadcast all the time whether anybody is watching it or not. It's out there, you can tune to it, when you tune to it you see it. The thing is that an awful lot of these are not viewed at any one given point in time, and so if you go to a Switched architecture you only put out the streams at the time or if somebody in that node is watching it. And then if you look at the bottom here you can see that example of a tremendous amount of bandwidth that now goes back into the pipe for you to use.

And then you say, "How much is it?" Well this here is off of one of our systems here in the East and this is the actual viewership and, while the graph doesn't show it, it does go out to 100%. And as you see out at that very long end of the tail, the viewership minutes during busy hour are very, very low. In fact if you took those last 200 channels, the entire number of minutes that they're watched is about equivalent to our eleventh ranked channel. It doesn't mean they're not important, it just means that people watch them at different times, different amounts, and then the other point is that these channels change.

So the channels that make up the large part of the curve here on a Friday night are different than the channels on Saturday morning when it comes around. So being able to go across that dynamically gives us an awful lot of power as we put in this Switched architecture. Two bit points here, the first one is of the least watched 200 at any given time, the maximum that are every watched are 40. And that's actually rounded up, it was 33 or 34 is what we've seen but we rounded to 40. The second point is provided the viewership patterns stay with this rough distribution, you can start stacking additional channels almost to infinity without having to add capacity, because now channels that are coming on compete with other channels for the viewership time on there.

DOCSIS 3.0, a couple of points on it. Everybody understands it allows us to increase our speed very substantially. The second point is it also gives us a significant reduction in cost per bit as we go forward. Right now we're looking at trialing it this year, the technology should be available so that we can deploy it where and when we want to next year if there's business cases to do it. But if you look at it based upon a couple of things, one is you have a much wider statistical pipe so you get better economics per bit as you start to put them in there.

The second piece is DOCSIS 3.0 has kind of been the first opportunity that the cable modem manufacturers have had in a long time to do another version, another cost-reduced version of the technology. And as you put it together, basically a four or five-fold reduction in the cost per bit for our terminal equipment goes in the head end, and the ability to offer high-speed tiers at very similar economics to what we're offering today. And again we'll select markets where it makes sense to roll it out and we don't have to do it everywhere, we can do it even within a market because we've got total flexibility on that.

Let me try and pull all these pieces together to give you a little bit of a look at our bandwidth and how we need to expand it over the next couple of years. Today as John pointed out, we've got 750 megahertz through 96% of our systems here. That gives you 116.6 megahertz slots. Today almost three quarters of that is analog video here with 77 channels. As we go forward in the growth that we see, obviously immediately we've got growth in high definition where we're going to need more and more slots to put in high definition, and these are 6 megahertz slots by the way, they're not number of channels so you can get

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multiple channels within that. The second thing that we need is to roll out more HD Video on Demand as well as the DOCSIS 3.0.

So let me talk a little bit, and I'm going to start with what I call very conservative assumptions or conservative approaches to recapturing some of this bandwidth. The first one is what we talked about was Switched Digital Video and from that, under the conservative scenario here, we get 16 channels back. The next one is doing some analog to digital migration, this here takes off 7 channels so you still have a 70 channel analog basic package. The third one here is 14 channels that we get back from the improved compression technology that allows us to do 3-to-1 in HD, 15-to-1 with the other SD. And then finally we will reclaim as the Circuit Switched Voice comes off the system and some of the non-Video on Demand Pay Per View we get three additional channels.

If you take a look at all of this, what you end up with is basically 78 megahertz of what I'll call wiggle room. It doesn't mean we'd leave it open on the cable system, but it means that we've got enough margin in our plans to do a number of things. Now these are in my mind very conservative approaches to each of these, and if you take a look and you stack it up and you say let's take a more moderate look, 20 channels on the Switched we know we can get. And it's not an assumption you're making, what it is, is instead of switching 200 channels at the end you switch now up to 300. And if you do that you can easily get to 20 channels that are recovered.

The second piece here, analog digital, I still left us with a 50 channel analog tier but you took 27 channels back. The third one is since you now have a higher digital you get more efficiencies from the compression improvement, which gives you another 20 channels back, and then you still have your three channels that you're reclaiming from your legacy services. Under this situation we would actually free up a third of the spectrum that we have on the network. And again this is to point out just the strength of these technologies and the number of levers we have, and the fact that we can either pull these levers harder or less hard to get the varying results that we're interested in.

So just to summarize a bit, I think John pointed out we've got a great network, we're at scale economics on it. We've got unmatched flexibility as to how we evolve it and how we put it forward, which gives us great capital efficiency. And at the end of the day we think we've got significant capacity latent in this network that we can harvest with these technologies.

That's it, thanks.

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**Steve Burke** - Comcast Corporation - EVP & COO, Comcast Corporation and Comcast Cable

Thank you, John and Tony. I think you can see how we're in really very good and capable hands both on the IP side of the business and the video side of the business as they move. And John and Tony are a really important part of why we're so optimistic about the future. Now turning to the last presentation that's cable related, when I joined the company 8 or 9 years ago it was clear to me that the strongest functional area throughout the company, all the way out into the field and the systems, that we had was finance.

We have always had a very, very strong financial discipline, really going back to Julian and with John and Larry and like talent, the company has been blessed with very strong financial executives through and through. And Dave Scott, who I'm about to introduce, joined us as a financial person in the South, worked his way into a General Management role, ended up running a big region in the South and then was promoted to go to the Midwest and be one of our five Division Presidents.

And about 18 months ago I called up Dave and said, "Would you come and be our new Cable CFO?" Dave has been a tremendous addition. He not only combines the discipline and the traditional focus that we've always had as a company, but he combines that with a real desire to change the company and keep the best of what has been working, but also change the company and try to get us into all these new businesses in a way that's very efficient. In the last 18 months or so we found a new head of IS,

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I mentioned we have a new head of procurement, and we think that with Dave's leadership not only are we going to continue our financial success, but we're going to really focus on changing the company for the better in the future.

So, Dave, come on up.

**Dave Scott** - Comcast Corporation - EVP, Finance and Administration, Comcast Cable

Thank you, Steve. It's kind of fun following the engineers, but I'm going to try to bring this back to the basics a little bit. We've talked a lot about growth today and starting with revenues, Steve touched on this really early in the morning. But if you look at our three years of revenue growth, average revenue per basics, you can see really pre-Triple Play we were chugging along at about 10% a year growth. Post-Triple play, Comcast Digital Voice, really have all three products growing now, we're at 12% growth and we really expect to exceed \$100 a month ARBS this year.

So as you start to look at these drivers and what the momentum is, it's clearly RGU volume but we're also doing very, very well on the rate side. You know we're really being less promotional than we've been in the past with the Triple Play offer, that's a big one. And we're selling a lot of new services to our customers as you heard earlier today. So as we come down and look at digital you saw we've taken our penetration from 46% to 55% currently. If you look at our ARPU right now we're at \$18.45, that's on top of our basic revenue and that's really before our pay revenue and our premium services, which are also doing very well.

So March year-over-year we're up \$1.35, if you go back two years we're up about \$2.50. And the real driver of this digital video is the high def DVR box. If you look at it, almost 40% of our base now has the high def DVR product, on average we're getting about \$10 more per month. So as you think about our Digital Plus product, our tier being \$15, add another \$10 for the high def DVR product, we're getting \$25 a month of recurring revenue which is very strong.

As you come down looking at high-speed data, you know 43.25 ARPU, again very stable but we are up about \$0.70 year-over-year. And I think this is a good example of where we're really being less promotional with our Triple Play offering. You know we were out there in the past as a single product, 19.99 a month, now we're out there at \$33 so we've seen this really lift up nicely.

We also have an opportunity as we go forward with our Premier Tier, which is \$10 on top of our 42.95 product. Right now about 3% of our customer base is into Premier Tier. We have one market, Portland, that's approaching 9%, they've really focused on this a lot, they're ARPU is pushing \$46 so we think this will be a good opportunity for the company as we go forward. CDV, it's very early, it's very volume driven at this point and really completes the value equation for our customers. You heard Bill talk about Commercial. I think as we really get Triple Play going later this year and have that product available in 2008, we'll start to see a big contribution on the top line from commercial.

Moving on to our operating margins, I think you know we're making really good progress in this area, we expect to be in the mid 40.5% range plus thank you and see that continuing over the next two to three years. If you look at some of the big drivers, I think programming is a great example where sort of post-AT&T broadband we really have achieved scale in this area. So as we look at our growth on sort of the basic pay digital product, we see it growing at like the mid single-digits going forward and you sort of wrap the digital growth that we're having around that, that adds another 1.5 to 2 points, so about 7% all in. And having these long-term contracts in place it really gives us a lot of good visibility over the next three to five years, and really provides a lot of pricing flexibility as we go forward in how we price our products without really negatively impacting the margin.

In terms of standardization, we're really introducing a layer of standardization across the whole company. Steve mentioned we recruited Andy Baer to be our Chief Information Officer who joined us last fall. He's really helping to lead this process on the systems and applications side. And really his initial focus has centered around our employees and just really trying to work to make it easier to deliver a broader suite of services. And we're making a lot of progress on that front. Customer operations, everybody talked today about all the in-house hiring we're doing, we're providing better tools, better training and ultimately we're starting to see contact rates come down. So all this is really a win-win for our customers and it's a win-win for Comcast.

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As we come down and look at our converged network, I think this is really a great story, you heard a little bit from John and Tony. But really by having control of this network we're really starting to see our regional area networks come together with our backbone and we really have an opportunity to take some transactional cost out of the business, like declining circuit costs would be a big one. So that's something we're excited about.

Moving on to CDV, you know as we really got into high-speed data post At Home, we were very successful taking costs out of that business. CDV is a very different business, different cost structure but a similar opportunity, so we've started into that. As you look at our network ops group we've really got the core group, John Schanz's group, in place so as we scale the business we'll really see direct margins get better there. And we think we have a big opportunity with third-party costs. If you look at what we're paying for caller ID, directory assistance, long distance, we're really going after all these areas and again think we'll continue to drive down costs. In the Commercial Services space, again Bill talked about the 50% plus margins today that will also contribute to our margin going forward.

Moving on to capital, I think this is a great slide. If you look at it the orange line going up is really RGU growth before Circuit Switched loss. But the steeper kind of green growth curve is really our RGUs plus our advanced set-top boxes. So as you look at this you can really see where you make the investment and there is a timing difference and the RGUs really do follow. So as you look at that 9 million that we've done on the top line there, you know in two years we've about doubled this activity where residential CapEx has really only come up about 36%. So this to me tells the whole story about what's going on with capital, what's driving the top line and a lot of our cash flow.

Getting into capital a little bit deeper by the categories, if you look at it and boil it down about 75% of our total CapEx is variable really related to new service offerings, as you can see on the blue line. So as we look at 2007 spending 5.7 billion, about 200 million shows up on the Commercial line in red. But I really want to focus right now on the blue box, the new service offerings and the two big components are customer premise equipment, that's about 70% of that spend, and scalable infrastructure is about 30%. And as you come down and look at CPE further and break it down, about half of it is related to equipment and about half would be related to capitalized install.

So two big drivers of CPE are really the high def DVR boxes and what we're doing with Comcast Digital Voice right now. So we're spending about \$400 today on the high def DVR box, that's with capital installation. That rate has been at about the same level for the last two years, 2006, 2007. We really expect this cost to decline as we get into 2008 about 5%, and that's inclusive of cable cards. And then as we get into 2009 and beyond we'll be bringing more set-top box vendors into the mix, really getting into this open architecture with OCAP retail we think we'll see further declines in this cost.

Comcast Digital Voice at \$250, the EMJ portion of that really we've been seeing going down about 10% a year as we scale the business. We think that will continue in the next couple of years. And as Steve mentioned, we've just hired a new CPO, Peter Kiriacoulacos, he'll be joining us in two weeks. Really we'll have vendor oversight for all our master service agreements so we think we have a big opportunity in that area.

And then as we look at our installation costs, again another area we're kind of going after, we're looking at how we're provisioning the product and really trying to remove some steps on how we activate products today. You know historically we've always sort of provisioned and activated on a one-to-one basis for video, high-speed and phone, we're moving to more of a three-to-one approach which really takes a lot of time out of the transaction. And besides that, if you think about all the in-sell activity we do and take like one minute of time savings, it equates to about \$7 million of capital. We think we have a 10 to 15 minutes opportunity this year and more as we get into 2008.

The other bit piece of this is really scalable infrastructure, so we've got about 30% of our new product offerings. Again, most of this is RGU support, RGU driven. As John and Tony both went into in detail, this is a very efficient way to deliver product, we can add capacity where there's demand for product. As Brian said earlier today, we're through the rebuild cycle so this is the best of all worlds that you spend money as you gain customers. And on the product rev side, Dave Julian, Greg Butz, Cathy all

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went through this today, we're going to continue to spend money to stay ahead of the competition, all of the exciting products you saw today.

So this is the last slide and it's sort of a simplistic look at return on variable capital in excess of 30%. So I really wanted to take the time to walk through kind of the 2006 example. You know as you start with Cable operating cash flow of 10.5 billion, you look at our average RGUs of 48 million, we come down to average cash flow per RGU of a little over \$200. You multiple that by the net ads we did, a little over 5 million in 2006, and you come up with about a little over \$1 billion incremental first year operating cash flow.

And then as you divide this by the variable revenue driven CapEx, and again this is fully loaded, this is all of our purchases for CPE, scalable infrastructure, all the variable capital we just talked about, we're seeing returns at 31% all in at about 25% and really see this getting slightly better as we get into 2007. So again it's a simple way to look at it but I think it's a good gauge as we look at '06/'07 and the next couple years. You know as long as we continue to drive all these RGUs I think we can sustain these types of returns.

So just in closing I just want to say we're going to continue to be disciplined on how we invest our capital and the timing of when we invest our capital, really stay focused on execution, I think we're just hitting on all cylinders that way and really continue to drive strong financial results. Thank you.

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**Brian Roberts** - Comcast Corporation - Chairman and CEO

Thank you, Dave. It's sort of bitter sweet to think that John Alchin, the next time we get together, will be sitting in the upper bleacher with Larry Smith, which is where I'm sure John would be happy to go right now. When I think how well Comcast has been able to consistently work with all of you, have an intimate relationship I think with so many different investors with so many different philosophies over so many years, he's certainly not going anywhere, it's only May. But we thought that today being the last time this year we're going to gather as a group like this that it would be me appropriate for me just to say to you, John, thank you for 18 incredible years of professionalism, class and great numbers. John Alchin.

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**John Alchin** - Comcast Corporation - EVP & Co-CFO

Thanks, Brian, that's tough to respond to. But you know one of the remarkable things about this company is that, as I stand here today I think about the poor people who hired me 18 years ago and they're all here. First and foremost Julian whom I'd known for a long time before I was hired and, despite that, he still hired me. And Julian will tell you other aspects of that story that you many of you have probably heard before, but I (inaudible) but still he hired me. And Ralph and Brian were a part of that interview team, and Larry, and I think it tells an enormous about a company, about a corporation that 18 years later we're still all a team. And all I'm going to is move up there and sit beside you, Larry, I can't wait to get up there.

Anyway, what I'd like to do is just really get onto the back of the slides that Dave took us through. And I think what those slides did very, very clearly is to point out that we really have made the right decision to invest all of this capital that we've invested over the last several years in the business, and to dedicate investment towards other activity at the same time. And it seems to me that the facts are really very, very clear that we get very compelling returns both on total capital and on the incremental capital, and Dave took you through that slide. We've generated really significant increased unit growth across all product lines and we're now generating much, much higher revenue and operating cash flow than what we anticipated when we were meeting with you all two years ago.

So I think the look back to two years ago indicated that we expected to generate revenue on a compounded go-forward basis of about 10% per annum. And we expected to generate operating cash flow on a compounded go-forward basis of about 12% per annual. And that would have brought us to a point in 2007 where we going to generate 10.6, that was the midpoint of the range that we put up on the slide two years ago, \$10.6 billion of operating cash flow in 2007. Well we delivered that last year,

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one year early. And if you think of the RGUs that were behind that, we were generating about 33 million growth RGU net adds, there was that line that showed 2.6 on a growth basis before the deduct for the scale back of the Circuit Switched Business, 3 million in 2005. That stepped up this year, we're expecting to generate 7 million growth RGU net adds. So I think that that's where the capital is going.

The increase that we're projecting in terms of revenue and operating cash flow growth, 2 to 400 basis points higher. Instead of generating 12% where 10 to 12% was the range in operating cash flow growth, we're now suggesting guidance for this year of 14% operating cash flow growth. So the guidance is well ahead and we expect this now to continue over about the next three-year time frame. And the reasons for that are because of continuing strong demand for our products, additional operating efficiencies across a number of fronts that Dave took you through and growth in new product areas as Bill Stemper took us through, the SMB business. You know this is a business with a 2.5 billion operating revenue opportunity with a 50% operating cash flow margin within a five-year time frame. So across all of these fronts we're seeing the benefit of investing all of this capital.

And if you look at the incremental cash flow that we're generating, out of the \$1.5 billion of additional operating cash flow that we delivered, about two thirds of that is associated with acquisitions. The remaining \$500 million is purely and simply a product of the additional that we've been investing. You look at that incremental capital over the last 12-month period, it's about \$2 billion, so we're getting on a simplistic cash-on-cash basis, a north of 20 to 25% return on that investment.

So we're really convinced that we're generating compelling returns on a very compelling business plan that's focused on continued RGU growth driven by product superiority and the time to market advantage that we have, given where we're with our scaling and given where we are with that product deployment right now. And as Dave said in closing, 75% of the CapEx is variable, primarily driven by that CPE. And CapEx levels going forward, again it depends purely and simply on RGU growth.

So it's conceivable as we go into 2008 that maybe that RGU growth is even higher than it is in 2007, so in absolute terms capital could be a bit higher just reflecting that increased RGU growth. But what we are convinced of is that 2007 represents the high-water market in terms of capital as a percentage of revenue

So, what happens from here is because revenue is growing at a certain pace and capital is tied to RGU growth, we think as just [inaudible] with other roll-out scenarios, the capital as a percentage of revenue begins to tick down as we get into 2008 and beyond, even in a scenario where RGU growth ticks up from the level that we expect to report for 2007.

In terms of free cash flow, we're investing all of the potential growth in 2007 back into the business to drive that RGU growth, to drive revenue and to drive operating cash flow. In addition, we're launching the new business, and that's baked into the capital numbers and obviously has an impact on free cash flow for the year.

The result is flat free cash flow growth for 2007. But the outlook, most importantly, is for increasing free cash flow thereafter. That's driven primarily by the outlook for 14% cash flow growth in 2007 and beyond, and at the same time, more modest increases in categories such as taxes, interest. They'll likely tick up as we increase the size of the balance sheet, as we have an effective tax rate on increased earnings of about 14%.

But, relative to the order of magnitude of the increase, a 14% on a \$12 billion base of operating cash flow, it's that dynamic that's going to drive increased free cash flow beyond the 2007 timeframe.

And just before I get into the numbers on the balance sheet, I'd just like to review some of the key drivers that have shaped the balance sheet over the last couple of years. And there's one key driver that's not presented on this slide. And that is, in fact, the impact of the capital that we've been investing back into the business, which obviously has an impact on our balance sheet.

In fact, if you add up the period 2005 to 2007 inclusive, that three-year timeframe, we'll invest approximately \$14.5 billion back into our businesses, primarily into cable, but also into Jeff Schell's area and content, also into Amy Vance's area in SIM, so across

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all of our business lines. But primarily, that \$14.5 billion is driven back into the cable business, and as Dave points out, generating 25% to 30% returns on the area.

In addition to that, as we show on the slide here, we'll have invested about \$3.5 billion in cable acquisitions that have added about 2.6 million subscribers. Obviously, if you look at the total value of those transactions, significantly in excess of the debt that's associated with them that appears on the balance sheet.

And additionally, with the addition of getting 100% control of E! by the AWS Spectrum, there's another \$2.5 billion, so almost \$6 billion of added debt just associated with those transactions, but associated with growing the distribution business that we like so much and adding to key strategic assets.

At the same time, we've also dedicated significant resources to buying back our stock. Over the last two years alone, \$5.5 billion representing 107% of free cash flow dedicated to buying back our stock or almost \$5.5 billion, reducing shares outstanding by about 8%.

In fact, if you go all the way back to December of '03, mid December of '03, when our buyback plan was authorized, in that timeframe from then until the end of the first quarter, we have bought back almost \$8 billion of stock amounting to 393 million shares, reducing the outstanding stock by some 12%.

So together, these facts add up to a strong commitment to continued growth and innovation in our business, adds up to a real commitment to returning capital to shareholders while, at the same time, focusing on maintaining strong financial metrics that are in line with an investment grade rating.

In the last couple years, we've paid a lot of attention to our repayment schedule, because it's this that determines, to a large degree, the amount of activity we have to engage in, in the capital markets, in the institutional debt markets and in other aspects of the debt markets in any one year. In fact, as I'll show you on the subsequent slides, we have issued about \$11 billion of debt over the last two years.

\$4.5 billion of that debt is refinanced debt that we issued with an average license life of 21 years and an average interest rate 6.1%. The new issue debt came in at 200 basis points lower than the previous maturities. So, when you apply that to a \$4.5 billion base, we're saving about \$80 million a year of interest. That's why it's important, that's why it's prudent to keep a strong balance sheet with investment grade ratings. You get competitive access the marketplace.

What we've also been able to do with these strong ratings that we have is to access other pockets of capital. For the first time in the company's history, we issued floating rate notes. For the first time in the company's history, we issued retail notes. So, we're not 100% reliant on the institutional debt markets.

Issuing 49-year maturities into the retail market in \$25 denominations with average ticket size in the \$50,000 area with a par call at the end of the fifth year, that's attractive capital to any corporation. In fact, today, I think Wachovia Bank is in the marketplace getting some of that debt capital for themselves. We have now raised \$1.5 billion in two issues. And all of this requires the underpinning of a strong balance sheet.

As my last slide shows, we actually increased debt by some \$7 billion over the last couple of years. And typical of life in Comcast, this slide is already out of date, even though it was only printed on the weekend. With the RSN deal that was announced, instead of having \$30 billion of debt, we'll probably be about \$570 million, at least \$570 million, of debt above that by the time we get to the end of the year.

And one of the mysteries to me as I look at some of the models that are out on the street, I see models that take us down to about one times leverage within some timeframe. Well as you can see, this company never ever stops still.

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There are always opportunities to invest, to create value, to reinvest in the business, and I suspect that this profile that shows an upward slant on debt levels is likely to be continued for quite some time. But at the same time, it'll just be prudent to keep an eye on the ratio of debt to cash flow to make sure that that's within the realm of investment grade ratings.

So, getting into the capital markets at competitive rates, refinancing mandatory maturities with optional maturities of \$1 billion to \$2 billion a year plus financing other activity that we're often or always engaged in is why we think it's prudent to have a strong balance sheet.

And so by constantly -- nothing is set in stone here. Balance sheets are very dynamic, fluid situations that you're constantly reviewing. You're constantly weighing up the opportunities to invest, the opportunities to create shareholder value and opportunities to return capital to shareholders.

It really has been my privilege over the last 18 years to work with the best CFO partner anybody could ever hope to work with. And it was a distinct loss to Comcast when Larry decided to retire. It just so happens Larry and I are about the same age, the same place in life. And so, what was our loss also translated into a loss for the private equity industry, because we were able to tap into one of the real talents out of the private equity industry to hire Michael Angelakis.

And so, what you get today for the first time is welcome Michael to what will, I'm sure, be the first of many opportunities to stand before this group of people. And why he wanted to leave private equity to come to this, I am not quite sure. But nonetheless, a hearty welcome, congratulations.

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#### **Michael Angelakis - Comcast - EVP, Co-CFO**

Is he a professional, or what? And by the way, Larry, I can barely see you up there, but thank you for your support as well. It's a pleasure to be here today. It is my first time addressing everyone. But as you can see from the quality of the presenters today, it's a real privilege for me to be a new member of the Comcast team.

Since it was announced I was joining Comcast, I've been repeatedly asked three questions. Actually, more like 300 from people in the audience, but primarily I wanted to address just three.

The first is, what is happening at Comcast that motivated me to leave Providence Equity and join the company. The second is, what is my perspective of the company's core business, given where I came from. And the third is, why is private equity so willing to pay substantial premiums above market values for cable companies. What does private equity actually see that the public markets don't, and why are they paying above-market values, which I would argue are clearly inferior assets.

There's a common thread among these three questions, and I'd like to take a few minutes to objectively answer them through three unique lenses of my background. One is as a former private equity investor that actually made numerous cable and related media investments. Secondly is a diligence process I conducted prior to joining Comcast. Third is what I've learned since a short time of I've been there, which is now about 30 days.

I truly view Comcast as a unique growth opportunity. And I don't know what more I can say, based on the presentations today. But over my career, I've analyzed literally thousands of companies. And when you peel back the onion at Comcast, I believe you discover the following.

A key strength of the company's business, which I find rare in today's business world and generally under-appreciated in the marketplace, is the predictability of the company's revenues and cash flows. This is a remarkably solid and predictable business.

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I also believe, and as you have heard today, that this level of predictability is increasing each day with the successful deployment of the Triple Play. We're generating higher ARPUs and we're reducing churn, and this is an accelerating, positive dynamic. It's pretty clear to me that this stability is unprecedented.

Another full – overlooked aspect of the business is its offensive characteristics. And I don't want this to be perceived as a negative. We live in uncertain economic times, and I am confident that that company's products are must-have, will remain fundamentally attractive, and the company will continue to generate pretty impressive results during up and down economic cycles.

These first two points on the slide form what I consider to be a formidable defense or a bedrock of a foundation that is under-appreciated in the marketplace. This business is increasingly predictable and is resilient to the external to external economic pressures.

My next two points, there they are, build on this foundation and are all about growth, what a combination, a defense and pretty substantial growth. It reflects, in my mind, simple mathematics.

When you analyze the addressable market for the company's products, when you analyze the trends and demographics, when you analyze the trends in our product categories and where they are in the growth curve, when you analyze our current penetrations and where we are in our maturity cycle and you analyze our momentum and the reported results in RGU growth, I think you come to the conclusion pretty quickly that our products are in high demand.

We have an identifiable and targeted customer base. I'm not sure how many companies have that. And with this platform, key point, there is a tremendous opportunity for sustainable organic growth for the foreseeable future.

I'm not sure I can do justice to this point, because the technologists can certainly take me on, but let's talk about the platform and what I do know. As you've heard from John and Tony, this is a very powerful network that is fueling the company's growth and allowing us to win in the marketplace.

The flexibility of this network is allowing the company to efficiently meet the growth and demand for our products while generating pretty attractive returns on any incremental capital. In addition, it is now a foundation for technical and product innovation that will be generated either externally or internally for the benefit of the company and our customers.

As I mentioned, I believe this company is winning and is poised to be the long-term winner. Due to the company's organizational structure, its scale and its ability today, and I think that's also a pretty key word, today, to deploy over a large percentage of its footprint, new and sticky services to millions of its current and potential customers is a huge competitive advantage. Today, the company is profitably, profitably capturing critically important market share. And the company's scale is proving to be enormously beneficial.

To everyone's favorite topic, let's talk about reinvestment. This kind of organic growth simply requires investment. From capital allocation and from a risk perspective, there are several critical metrics that I'm enthusiastic about. And you've heard, and you've heard from Dave, three-quarters of the investment dollars are success based and directly correlated to recurring revenue growth.

Secondly, when these dollars are spent, we are confident we're generating attractive cash on cash returns. Qualitatively, this investment is solidifying our customer base and enhancing all my earlier points.

Now, what's the risk, which again, I think is under-estimated. What's the risk of generating those returns? Based on the company's experience, I think the risk of execution is pretty limited. So, the result of the investment is minimal execution risk and attractive returns, which I believe lead to the generation of meaningful free cash flow growth.

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Now, the world I came from is number one tenet was always back the best, execution oriented and strategic team. Based on today's presentations, I'm not sure what more I can actually say. But, this team has delivered 27 consecutive quarters of double-digit OCF growth. I don't have a portfolio company that ever delivered that. Actually, that's an amazing statistic.

I can tell you, from the time I've spent in the company, this is a very focused team. They are entrepreneurial. They're opportunistic. They're dedicated. They're disciplined, and they are determined to deliver results and build long-term value.

So, when I think about the company's strong defense, its remarkably potent offense, its organic growth profile and the combination of factors that are in the green box that I think describe Comcast today, I tell you, I love the hand we've been dealt. I am very bullish on the company's growth, and I'm just really delighted to be part of this team.

I look forward to meeting most of you, and thank you for your time.

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**Brian Roberts** - Comcast Corporation - Chairman and CEO

Thank you Michael, and thank you to all the presenters. We're now going to come to our favorite part and really the most important part, which is what's on all of your minds that we may or may not have gone into enough detail. But, I just want to do two things before we kick off the Q&A.

First of all, I'd like to thank Marlene Dooner. Where did Marlene get to? There she is, ducking down, always the wrong moment. We're very proud of a lot of people at Comcast. But, Marlene and to your team, when you get recognized by your -- by this group through Institutional Investor as one of the most investor-friendly companies, I think that's one of the things we have to keep for many, many years. So congratulations, and thank you.

And it -- and we really are a team, so I'd like to ask everybody from Comcast, whether you spoke or not, if you would just stand for one moment so as we're leaving, some of the investors can see some of the other folks that are part of the Comcast team up top and on the sides. We made up half the room. That way, it made it look like it was full. Thank you, all.

I think we share two characteristics, every one of us on the team. And we've changed the kind of people on the team over the last ten years. We are competitive, and I hope in fullness of time, you'll say we're winners and every one of the people we've recruited and the people who have come through the ranks are here share those two characteristics. And so, as we take your questions, we'll spread them around if you get past my -- if you want to talk to someone other than me or to Steve or to some of the presenters.

With that, let's open it up the microphone.

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## QUESTIONS AND ANSWERS

**Unidentified Audience Member**

[Inaudible - microphone inaccessible]

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**Brian Roberts** - Comcast Corporation - Chairman and CEO

Hang on one sec. I think for Internet purposes, we're going to prefer the mics. We've got a bunch of them around the room. Thanks.

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**Laura Martin** - *Soleil - Media Metrics - Analyst*

Hi there, Laura Martin, just going back to your original comment on returns on invested capital, on this one slide, it's showing returns on the cable business going from 31% to 34% on variable capital. On the commercial slide, you said returns on capital are about 25%. But, you didn't give us returns for like Comcast.net and some of the advertising returns.

I guess the question Brian is, are returns for the corporation, the investment vehicle, going up from this 34%? Or, are some of the new products going to actually lower the returns on invested capital?

**Brian Roberts** - *Comcast Corporation - Chairman and CEO*

John, where are you when you need times like that?

**John Alchin** - *Comcast Corporation - EVP & Co-CFO*

Sorry, I've been trying to hide behind the screen, and it didn't work. No, we look at these returns as being accretive. But can you see -- obviously, if you look at the return on capital for the entire corporation, there's all of the capital that's being invested in acquisitions and everything else, and obviously those returns are probably in the single-digit area.

So, if I'm catching what you're getting at here, what we're looking at on the simplistic presentation of cash on cash returns that Dave Scott presented, what we're looking at there is the incremental capital. And this is a fully-loaded incremental capital number. It's 75% that is replacement boxes. There's new boxes that are going out.

There's everything that's in that capital cycle. And we're looking at the cash on cash return per RGU with each RGU generating about \$220 of operating cash flow, and just saying that that is a return that we see continuing over time in that range of about 25% to 30%.

In the area of the commercial business, that is an internal rate of return on that business, because there's no product allocation exercise that you're going on -- going through with that particular business.

That business has got its own dedicated sales team, its own dedicated service group. It -- there's sort of not the issue that we face with some of the other new product lines where we've got service that's extended across all three product areas between video, voice, and data in the residential arena. So, this is a true IRR coming in at about the 25% level.

So hopefully, that sort of clarifies where we're coming from on the -- those calculations.

**Unidentified Company Representative**

Let me add just a couple of other points that are just maybe a little more general. First of all, I think we've just told you that we think this year, 2007, is the high-water mark for CapEx as a percent of revenue.

We feel very comfortable with that, because revenue at the double-digit rate that we're doing and that we're saying that we think we can do for the next three years, no matter what happens to RGUs, even if the absolute goes up or goes down on absolute, it's not going to go up by the percentage that's revenue's going up.

And in the each of the next years, it gets just that much better. Another way to slice life, and I've been involved with other companies, I think almost every year I've been with Comcast, our cash flow growth has been higher than our revenue growth.

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And I'm very pleased that in a year where Steve can stand up and talk about how many people we're hiring, and Dave can tell you how many people we're training, and let me tell you we're hiring a lot, and we're training a lot, and we're doing a lot of spending, that we can still have minimal 14% cash flow growth, last year 15%, also the twelvish type revenue and be making the investments in your people, that's why we're so excited of what John and Tony were saying is we see a lot of cost savings coming down the pike, once we slow this machine down.

But, there is no question that we are -- we have -- 2006 was an inflection point. And finally, some of the new businesses, to your question, things like SIM and content have no CapEx for the most part by traditional cable standards. And so, one of the reasons those businesses are also going to be accretive to that kind of thing is that, as we all know, is one of the benefits of content.

And as Steve pointed out, Comcast.net was an investment. At the time, other said, "Why aren't you using AOL? Why aren't you using Yahoo!?" Well now, we're going to generate five, six times in revenue over the next five or six years, everything we spent to develop it. And we think we can now have a model that, if we can be successful doing that again with some other websites and we're very, very excited with some of the things we're working on and we'll talk about at future meetings, we'll also see an acceleration. Jessica?

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**Jessica Reif** - Merrill Lynch - Analyst

[Inaudible - microphone inaccessible]

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**Unidentified Company Representative**

And we'll try to speed up the answers so we get to a lot of questions.

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**Jessica Reif** - Merrill Lynch - Analyst

I'm Jessica Reif calling from Merrill Lynch. You went through a great presentation today of all these pockets of opportunity in the future. And you said in the past that over the next few years, more than half your subs will come from non-video. I guess a very basic question is, given the plethora of new services and all these great product enhancements in every category that you guys proudly serve, why do you -- why is the forecast only 50% or 51% basic video penetration? Why wouldn't it be higher?

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**Unidentified Company Representative**

Well, is it a punch line? Why was --?

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**Jessica Reif** - Merrill Lynch - Analyst

The question is, why isn't basic video penetration forecast higher than 51%?

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**Unidentified Company Representative**

Steve, why isn't it?

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**Steve Burke** - Comcast Corporation - EVP & COO, Comcast Corporation and Comcast Cable

Well, I think one of the hardest metrics to move in the cable business historically has been penetration. By and large, once -- any time you buy a system, you can improve the margin. You can change the basic sub growth or loss. But, if you buy a system

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with a 52% margin, and AT&T had much lower margins than we did, people have made the decision to go to satellite. It's very difficult to get those people back.

If you look at all of our messaging going forward, I think there's going to be two dynamics going on in terms of basic subs. But overall, our prediction is that penetration will not grow meaningfully, and hopefully will not decline.

On one hand, you have the positive lift of the Triple Play, which I think is meaningful right now and will get more meaningful in the future. So, that's the positive side in terms of basic subs or penetration.

On the other hand, we're going to have more competition than we've had in the past. We have more competition right now with Verizon. They're adding subscribers. We do not think AT&T is meaningful video competition. We own the Houston market. We can't even find AT&T customers in the Houston market. But, Verizon is adding customers, and some of those customers are coming from us.

And my goal would be to outrun them and to have the Triple Play be more impactful than whatever we lose to greater competition and net/net, add subscribers. Certainly, it looks like it's going to be the case this year. We would hope to do that in the future. So, we clearly are doing everything we can to gain more subscribers. And we'd love to see penetration move.

But, when we look at our business plans, it's quite clear that CDV's going over 20%. High-speed data's going way, way up. And our anticipation is that we hold our own in basic video. If we do better than that, then great. But, I think that would be quite an achievement with stronger competition. Yes?

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#### Unidentified Audience Member

Another CapEx question if I could, you talked about RGU growth for the next couple of years as being higher than, I think, probably expectations, that there's really no deceleration in RGUs for the next three years.

Eventually, there has to be, and as our RGU growth decelerates, the notion of success-based capital versus non-success based capital, I guess, isn't exactly at the nut of what people want to understand, which is really, what is growth CapEx versus maintenance CapEx?

I guess I would ask both you and John, based on your understanding today, what do you think the underlying capital intensity of the business really is to sustain this business so that as you come out the other side of the growth bubble that we're in that maybe lasts out to 2009, maybe into 2010, what does the long-term capital intensity of this business really look like, based on your best guess?

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#### John Alchin - Comcast Corporation - EVP & Co-CFO

Sure. Craig, I think one more thing that that is, we've seen maintenance CapEx around the \$40 to \$50 mark per sub, per annum for some time. And that still seems to be holding. So obviously, as we get into a slowdown, if there -- would there ultimately will be a deceleration in RGU growth.

So, if we're at seven this year, and then at some point in time, it goes up and then comes down from there, then I think you're going to see a different profile. But, embedded in that profile will be a need of about \$50 per sub, per annum being a true, ongoing replacement -- see our line extension level of activity in the core business.

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### Unidentified Company Representative

One of the dangers of long-term predicting is then you can create the wrong expectation. So, I don't know that our crystal ball in the next five years is any better than -- who predicted Google? Who predicted the fact that there's more -- I heard a stat.

I'm not sure this is quite true, but it's directionally right, that one of our nodes in like a day, today, takes more bits than the whole Internet took like in a day, in a year or something, back when we invented broadband modems. There's some working on a stat like that for the Cable Convention. That is to how fast it's transforming.

And a lot of that transformation -- so, you tell me whether you think broadband's going into everybody's home. If you had to bet right now with one type of broadband over the next ten years whether it's going to be in all homes or half homes, I -- I'll take the high side myself that this is going to be as important as television for the next 10 or 20 years. And we're the best-positioned company to do that.

So, one of the issues is, would you rather have a company that's growing double digits for 27 straight quarters, and as far as we can realistically predict, say the next three years, and knowing that we're not defensively spending that capital, we're not buying that revenue growth for a bad investment. But, we're getting 25%, 30%, however you want to calculate it, returns on the investment, gets me very excited.

I kind of secretly hope that our commercial business takes off better than we're hoping and that we have to come here and tell you why more businesses want to sign up with us than we predicted, that somebody, when we get to 100 megabits a second, we're going to try to demonstrate that what does that really mean. And it would be the same thing as when we first -- it's interesting here.

We went back, and we were looking at what we did when we invented the first cable modem where the big ah ha! was to download a picture in a couple of seconds. So, what it is that the ah ha! will be with 100 megabits a second, and I don't think it's traditional video, and I don't -- because Google wasn't traditional video. It changed advertising, created -- between Amazon and Google and eBay, they created all new markets.

And so, that's spurring our growth. So, I think that's going to happen again. I'm hoping that we're going to work with the entrepreneurial community and find a reason that we're going to be able to have people want to buy even more new products that we're not thinking of. So, we're not sitting here saying, "Ah, we're going to get there. And let's just stop it right then."

As you sit here today, you can't answer that. So, you'd have to say, "Yes, it will drop down. We'll go to a normal maintenance. The world will be just fine, and we're going to have tons and tons of free cash flow growth." And that is what I think is Plan A. But, I would rather have this company than the company we described to you two years ago.

And I think John made that point really well, which is how much faster we're running, how much -- how we're still at the same level of free cash flow and how we're able to buy back a lot of stock. But at the same time, if you look at some of our competitors, they just reported earnings. They're growing at 1% and 2% a year.

And the kind of people we're attracting that want to work at this company where we're the fastest growing entertainment, media and information company of all of the -- even the advertising-based, solely-based companies, I don't know what they do to keep the engine revving.

And in our case, we're a fortunate addition to our national advertising platform to be able to have things like SIM and to have Yahoo! basically work with us was unthinkable for the kinds of dollars, had we not made the investment back in Comcast.net.

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So, it's a longer answer, but as a pure business matter, I think you're going to see free cash flow growth. And all we did was stall it out one year and suddenly rev up the revenue and cash flow. But, we'll hopefully -- our job is to actually come up with some applications that even we can't predict here today. Yes?

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**Unidentified Audience Member**

Brian, given the context of the question -- the answer to that question that you just gave, looking out 10 or 20 years for some of these product cycles, wireless 10 years from now, will you own your own network or not?

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**Brian Roberts** - Comcast Corporation - Chairman and CEO

Couldn't hear the last part. Wireless what, own your own network or --?

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**Unidentified Audience Member**

Yes. When you look out ten years, will you own your own network or not? I guess we're just looking for more color behind your introductory comments from this morning where you're opportunistic.

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**Brian Roberts** - Comcast Corporation - Chairman and CEO

You know, I think we've -- today, we haven't yet figured out the compelling reason that wireless is part of that play, other than it sounds like it -- it would sound nice. We are going to work with Sprint. We are going to -- that is the plan of record. We have a couple of markets we're testing it.

Other MSOs are rolling it out. We are planning to get ready to roll it out more over 2008. We have our own spectrum for future -- much, much data rich applications. We've said repeatedly, we're not interested in a voice network. That's not something that's slowing down CDV, as you can clearly see.

And so today, and as far as we can see, we're very, very content with this network. And we're going to work with wireless, and we're going to work with Sprint. But, we don't see it as something the consumers must have.

Part of the reason for that is a simple reality that you can go to 20,000 retail locations and pick up a wireless device. I think wireless is changing pretty fast also. And one will see how it -- where it goes in the future. When we just -- I talked on the earnings call about our trip to Asia and looking at all the wireless devices, the broadcasters started to get into it and actually put it out there for free, a lot of video.

I think that could be interesting and actually helpful to where we sit. But, who knows? At the moment, we have our hands full right where we are. We're thrilled to have that spectrum, but there is no change or no plan as we look down the road. [Sean?]

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**Unidentified Audience Member**

Just [Perrin Thedigree], and I listened to the Verizon call. And they were very boastful about that fact that their net RGU additions have finally gotten to about zero.

I wanted to ask you to elaborate a bit more on the -- on what you're actually paying and what you're actually getting in your retransmission consent agreements with the Belos and the Gannets and the Sinclairs and so on? I've heard that you're saying that you -- we get value for what we pay. But, the question is, are you paying for value you always got? You're retransmitting programs, or are you getting some new value?

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**Unidentified Company Representative**

Oh no.

**Unidentified Audience Member**

And the last thing I wanted to know is, who's going to be the CEO here, CEO at Comcast when those 49-year bonds mature?

**Unidentified Company Representative**

Ralph. That's a very -- retransmission consent, let me just say, no new news. But, let me be really clear of what it means to say comparable value, if the proposition is pay for the privilege to retransmit, and that's the value. That's not what we're talking about. We're talking about additional marketing relationships, additional value unrelated to the right to retransmit.

But, we have a constructive relationship, as you can see. We think we have -- we've said publicly that the top four or five largest providers, certainly the top four of the big broadcast networks as well as the larger station groups all have -- in the case of the top four, well beyond five years to go. So, we don't see any major economic change at all. We're pleased to have reached agreements with the people we have.

It's going to remain an area where there's contention. You've got the consumer on one side. You've got antennas on the other side, and you've got more competition in the market. And it's just -- it's going to remain there. This isn't one of those -- I think you saw three or four presenters put up scale. This is one of those areas where I think we're in very good shape. Yes?

**Rich Greenfield - Pali Research - Analyst**

I think Steve put up a -- Rich Greenfield from Pali Research. Steve put up a slide showing what your digital additions were before you started rolling out Triple Play and then after you started rolling out Triple Play. And what kind of strikes me, if you look at the timeframe is, that was also the timeframe in which you've launched this enhanced cable product with a lower ARPU obviously, [similar] ARPU than digital.

And just wondering, as you kind of think through over the next few years, what percentage of your business do you think of your digital additions will be of this enhanced product? And what percentage of those enhanced cable devices that you're rolling out, over what timeframe or what percentage, how to think about it of those subscribers are actually upgrading to a full-pay digital product versus simply paying you, as you said on the last earnings call, zero to \$3 a month?

**Brian Roberts - Comcast Corporation - Chairman and CEO**

Let me make one point and then kick it over to Steve. One of the things that I thought came -- was great in the last earnings call, there's a number you don't see so broken out that it's not considered an RGU, which is all the high-def DVR customers who are already digital who, as Dave Scott said, take that extra \$10 product.

We are seeing a surge in this country of high-definition television, finally reaching some form of take-off. And I think with 2009 looming, you're going to see more and more of that. Having just seen all the TV companies, their products and their prices are coming down, down, down. And half the TVs in America thank you are going to be 50 inches or bigger that are sold. And more -- they don't make standard TVs any more. It's all some form of -- almost or the majority are going to be high-def, display devices.

Sony told us that they believe 50% of the people who come home with a high-def set don't connect to high-def. They think they have high-def, because it's so good. And they don't even have the real high-def. So you're -- we're seeing a lot of people

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actually begin to go out and get those other boxes and pay us money, and it doesn't count as an RGU. That's part of the whole RGU CapEx thing.

And on the other hand, we do have a lot of people who are taking this enhanced digital who are paying us virtually -- paying us the pay-per-view [rabonelle], if you will. And we're creating the platform to up sell them.

But, specifically to your question -- so the two have netted out. And our RGU -- our revenue per digital, all of that put together, went up. And so, if -- they have \$17 average, or whatever the exact number was, it went up here over a year. So, I think still a very exciting track even as we're increasing the digital penetration. Steve?

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**Steve Burke** - Comcast Corporation - EVP & COO, Comcast Corporation and Comcast Cable

Well as usual, Brian said, let me just do a little, and you did 80% of what I would have said. But -- and the interesting thing Rich is, we've added 2.3 million enhanced cable customers since we started. And during the time since we started, our digital ARPU has gone up. And the reason why it's gone up, if you look at the last quarter, we had over 500,000 advance boxes and a little bit more than 300,000, if my memory serves me correctly, enhanced cable.

And what's happening is, each quarter we're doing a lot more advanced than we are enhanced cable. And so, the overall mix actually is getting richer than it was. I think in the future, you'll see a continuation of that. And maybe there will be a point when most of the people who want high-def will have it. And at the very last bit, we do more enhanced cable than advanced. But, that's the interplay that's going on right now.

And the real goal, we don't really care how a digital box gets into somebody's home net/net, at the end of the day, we just want to get as many of those homes with advanced -- with digital boxes as possible and eventually, reclaim that bandwidth.

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**Rich Greenfield** - Pali Research - Analyst

I think they turned it off, but just a quick follow-up, when you think about high-def, as the country goes high-def to Brian's point, do you think you'll always be able to get a premium price point for a high-def box than a regular box?

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**Unidentified Company Representative**

Always is a long time. I'm not sure. I think there has been no resistance so far. One of the things that Dave Juliano tried to point out is that our high-def, we've got more quantity if you include high-def VOD and better quality, based on the research.

We also have better price value, because most people who get high-def set-ups have to go out and get a new dish, pay it for a new box, and unless you're on some very short-term promotion, we are a better, cheaper, easier way to get high-def. And as long as that happens, I think our pricing can remain where it is.

But, it's the like the telephone. To say, what's the phone pricing going to be in the United States ten years from now? What's high-def pricing? I don't know. But, there certainly is no resistance. We and most cable companies have literally been sold out of high-def boxes at various times during this year because of the demand. Every demand projection we've made over the last year has been exceeded. And I just want to clarify, I'm not sure everybody's high-def, but they're all going digital. And there's going to be a big difference for a long time. Yes?

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**Unidentified Audience Member**

Thanks. I'm curious if you saw any connection between high-def and VoIP or Triple Play? So for example, did you see any halo effect as the high-def was installed to people -- more people decide to sell into other triple play or VoIP? Thanks.

**Unidentified Company Representative**

I don't think so at this point. I -- Dave or -- Dave, where are you guys? Anybody have a point on that? We are trying to get to the point where when we come to your house, we sell you all the products and that we're actually, as we think about our sales person of the future and our store of the future, you would be trying to say, "Hey, here it all is." But, I think right now, it's just we run these ads, and boom, the orders and the call centers take in 40% Triple Play. It's an amazing stat. I hope you saw that.

Just to put an emphasis on the other thing, the advertising campaign's breaking today on high-def where two out of three satellite customers prefer us. That's pretty innovative. That's certainly a little bit -- very, very exciting, I think, in how that's going to be received by the market in our early testing. Yes? Either coach or both?

**Unidentified Audience Member**

Not to belabor the point, but to go back for a moment to the CapEx balance sheet, so if I just take your guidance, back of the envelope, on what operating cash flow looks like and then marry it to John's comments about debt and ratings and such suggests that between '06 and '09, you generate an incremental \$5 billion in operating cash flow, which would put another \$9 billion to \$13 billion on the -- of debt on the balance sheet, depending on where you stay within your recent ratio.

So, that's a lot of money. And even though you're going to soak up some of it in CapEx, if you really are at the high-water mark on CapEx as a percentage in '07, there's a lot of excess cash. Is there anything except buybacks you would think about with that? Is there any other way we --?

**Unidentified Company Representative**

As we're sitting here today, it's our goal to remain between 2.5 and three times levered per where we're historically traded. That's comfortably an investment grade. And to the extent that the generation of free cash flow is there, you're going to see that return to shareholders, as we have within the past two or three years.

And so, you can run your own math. I'm not going to validate those numbers off the top of my head, because I just can't run them fast enough here. But, I think conceptually, our order of priority is real simple. First, if we can find a 25% to 30% return on investment ourselves that helps strategically the rest of the company as we're doing now, I would put that in first place.

After that, it's a capital allocation question. I think Michael is going to be really helpful in giving us fresh perspective, giving us the discipline of private equity and looking at how best to get IRR for our shareholders. But, sitting here today knowing what I know, you're going to see a lot of stock buybacks.

Okay, you can all go home now. All right, I want to be fair to this gentlemen, who is -- pass the mic.

**Unidentified Audience Member**

I had two questions on the slide that you put up showing the business doubling in six years. Firstly, in the view of flat basic cable subscribers over the next three years, what are you assuming that the Belfast midi capture of the PO market, if anything?

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And then, when I look at the 17 million or so HSC subscribers, how much of that is going to come from customers that aren't basic video subscribers. The reason I as is because it looks like of your basic video base, it's about 68 penetrate -- 68% penetration, which seems like it's assuming an awful lot of the overall HSC market by just three years out. Thanks.

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### Unidentified Company Representative

Let me just make one point about flat basic and then turn that second part over to Steve. I don't think we were trying to make a prediction today and make any news on our view of basic. Basic's been roughly flat, some good years, some bad years. When we bought AT&T, there was a lot of satellite penetration. We've been chipping away at it. We've made some good progress. We had a super year last year. We're off to a great start, 75,000 net ads in the first quarter.

I think part of it is to show you can do your own sensitivities, up or down, based on what you think, whether how real and how aggressive is this fourth competitor and how meaningful will the Triple Play be on basic? We're going to find out one quarter at a time, together. It's just on a grand total of what's happening to this company's financial performance. It's not as significant as all of those who grew up in this business.

We're going to be 50% no longer a cable company. The reasons the margins are doing well, one of the reasons, is new businesses, as the question was asked, light commercial coming in with a higher margin, because there's no programming costs and the phone business. By having waited for Voice over IP technology, we've got the price point curve down, and there's no programming costs.

So -- and of course, in the high-speed data business, the same is true. So, we're into businesses that are just wholly different economics in terms of what we all grew up with. And so, frankly, 100,000 or even 500,000 basic subs, one way or the other, it's certainly nice, and we're -- everybody here, cover your ears and management, we're trying to add subs and kick butt.

But, when you're talking about adding tens of millions of RGUs, 7 million RGUs a year over three years, 20 million RGUs, 100,000, 500,000 is not going to change the trend of what's happening and the power of what we have been trying to tell you this morning.

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### Steve Burke - Comcast Corporation - EVP & COO, Comcast Corporation and Comcast Cable

When you look at high-speed data, we have I think 48 million homes. And I think all of us assume that eventually, high-speed data is going to get to 70%, 80% of homes in America. And right now, we're picking up more than our fair share. So, when you run all that math, it -- we said 17 million. We think it actually gets you higher than 17 million potentially.

Interestingly, we are gaining share now. There was a time when we were losing share to -- slightly to the RBOCs. If you look at Verizon, Verizon's number, they added 411,000 high-speed data customers. And I think when you net out Fios, they only added 275,000 traditional DSL. We added 570,000 high-speed data customers, so we clearly gained share versus Verizon.

And I think when you normalize footprints for all the RBOCs, we're gaining share. But, if we end up with 50%, I think it takes you higher than the 17 million, if you assume that high-speed data penetration goes to 70% or 80% of our subs, which we think we see happening. In the back?

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### Unidentified Audience Member

You have a vast content portfolio. I wonder if you could help us broadly understand what you think it's worth?

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### Unidentified Company Representative

Well, what's a good accountant who knows the value of everything and the worth of nothing? Or, what's that phrase [Julien]? The price of everything, and the value of nothing, I don't know. I will tell you that I think the only time we've had to stress test that question would be the E! buy-out and the regional sports deal announced yesterday.

We took a step backwards last year in programming cash flow. We were planning a long-term business. We went and secured, as Jeff talked about, PGA and hockey rights. It's very different business than cable TV in that respect. You cap loss leaders. You do development of new shows and everything else.

But, I think it's safe to say that the multiple of EBITDA for a programming asset appears to be -- over the last few years, it's traded in what, the 13 to 20 range in terms of some sort of multiple. Cable's traded at an 8 to 12 range or 8 to 14 range. There's not the capital expenditure side to it, doesn't dare forget the tax characteristics. But net/net, it's a very stable business.

And we have found that we've been able to -- over almost every year we've been in the business, grow EBITDA and cash flow. So, I know that's ducking. I don't know. If you asked the same question in cable, I don't think we'd answer it. I think we feel that on the E! deal, because of all -- and that was the big money transaction.

Because of all the insurance and outs that were happening, because that we were already there, because they had a cash build-up in the company, I think we tendered out -- John, help me, like 11 times cash flow when we bought out the minority stake in E!. We were very happy with that price. Disney was happy to put the cash back into the company. Yes?

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### Unidentified Audience Member

Well, thanks. I just -- Brian, as we think about the benefits from OCAP, is it going to allow set-top box costs to drop? Or, is it going to allow the box to do more stuff at roughly the same price? And if it's the former, is that embedded in any of your CapEx expectations through '09? Thanks.

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### Brian Roberts - Comcast Corporation - Chairman and CEO

The answer is, it should cause the prices to drop. But, we have a cable card rule from the FCC that is going to add cost to every set-top box on a go-forward basis. And I think our view is that in 2008, it sort of nets out to being a slight baddy in the short run. But, the capability of the RNG in almost every category is more than its predecessor box.

So, in some respects, we're not making an apple-to-apple box. That was part of the waiver request was to continue with a low-end device at a low-end price. But, the first RNG 100 had significant more horsepower than its predecessor, the DCT, whatever series the DCT's at.

And let me just say, we're going to do one more question, if I could.

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### Unidentified Audience Member

Thanks, very much. I just wanted to focus a little bit on the Internet, the Comcast.net, which clearly at 11.5 million Unique is one of the -- becoming the major Internet player. So, I guess the first question is, do you have -- do you keep track of your various monthly visitors for all the other content size that you have in the aggregate?

And related to that, as I listened to the presentation from Steve and from Jeff, I was trying to make a connection between how the strategy on the SIM side ties into the multi-platform opportunities that Jeff Schell talked about.

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So, following up on that, how do you then integrate both sides in order to grow your Unique visitor, which I would presume is the overriding goal of the overall Internet initiatives in the deals that you've done with News Corp and Yahoo! and all that. So basically, I'm just trying to get a clearing, a piece that ties all of this together.

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**Unidentified Company Representative**

Well, I think that -- where's Amy Vance? She ducked down the row. What I would a little bit suggest is maybe down the road, we will try to -- as we have SIM, as we develop things, we'll come out and put out like we do with -- the people understand our TV ratings at E!, we'll try to put out some more statistics around that so you can get a sense of the growth.

I think -- I don't have any specific -- I don't know the answer to that. But, if you took all our websites together and aggregated, maybe Jeff Schell does or somebody. But, they're run in separate units. It's an interesting thing.

But, we did say to Yahoo! in our relationship that we will, with our search provider, be able to take the economics per click and port it to our various websites so that from a revenue-generation machine, we're not separated. From an eyeball-aggregation machine, we are separated. And we'll try to get more data on that as we go forward.

Let me just say thank you to those of you that stuck with us. Brian, before you --.

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**Brian Roberts** - Comcast Corporation - Chairman and CEO

Oh, here comes Ralph.

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**Unidentified Company Representative**

Quit, I --.

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**Brian Roberts** - Comcast Corporation - Chairman and CEO

Ralph [Slaughter].

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**Unidentified Company Representative**

I just want to say that after watching this presentation today, I can well understand why you go around saying, thank God my father sold the belt and suspender business.

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**Brian Roberts** - Comcast Corporation - Chairman and CEO

I agree. Thank you, all.

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**Marlene Dooner** - Comcast Corporation - VP of IR

Thank you, thanks for coming.

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