FINAL TRANSCRIPT

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PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to Comcast's first-quarter 2009 earnings conference call. At this time, all participants are in a listen-only mode. Please note that this conference is being recorded.

I would now like to turn the call over to Senior Vice President Investor Relations, Ms. Marlene Dooner. Please go ahead, Ms. Dooner.

Marlene Dooner - *Comcast Corporation - SVP of IR*

Thank you, operator, and welcome, everyone, to our first-quarter 2009 earnings call. Joining me on the call are Brian Roberts, Steve Burke, and Michael Angelakis. As always, let me first refer you to slide number two, which contains our Safe Harbor disclaimer, and remind you that this conference call may include forward-looking statements subject to certain risks and uncertainties. In addition, in this call we will refer to certain non-GAAP financial measures. Please refer to our 8-K for the reconciliation of non-GAAP financial measures to GAAP.

With that, let me now turn the call to Brian Roberts for his comments. Brian?

Brian Roberts - *Comcast Corporation - Chairman and CEO*

Thank you, Marlene, and good morning, everyone. Today we are pleased to report a solid start to 2009, demonstrating the underlying strength of our subscription businesses and our ability to continue to manage effectively in a challenging environment. Our results reflect very effective execution in my opinion. Reacting to the economic slowdown back in 2007, we adjusted early to this rapidly changing environment and we are continuing to fine-tune our strategy now to deliver these kinds of solid results and at the same time continue to strengthen the competitive advantages that we believe our platform has.

As we do this, we are focused on balancing revenue, cash flow, and unit growth. We are also intensely focused on managing operating expenses and capital and our strong first-quarter results reflect all of these efforts. We generated $1.4 billion of free cash flow for a 95% growth driven by lower capital spending by Cable and healthy growth in revenues of 5% and cash flow -- operating cash flow growth of 8%.

At the same time, we are equally determined to reinforce the competitive advantages so we are investing in products, marketing, in customer service, and in high-growth businesses like Comcast Business Services, while we execute on strategic initiatives like DOCSIS 3.0, Wideband, and going All-Digital that are so important to our long-term success. We have already deployed Wideband to 35% of our footprint with the goal to expand this deployment to 65% of our markets by year-end.

We are also rapidly expanding our efforts to go All-Digital. This project will dramatically increase our product capabilities, help enhance the experience we offer our customers particularly with more high-definition television. As part of the remarks this morning, Steve Burke will give a long update on where we are and why we think this is such a strategically important project.

All of our operating efforts are supported by a strong balance sheet and a disciplined financial approach. So across the board I believe we are in solid position as we begin 2009.

Let me now pass to Michael to cover the first-quarter results in more detail.

Michael Angelakis - *Comcast Corporation - CFO*

Thank you, Brian. Let me begin by briefly reviewing our consolidated results starting on slide 4. Overall, the Company executed well in a difficult environment, reflecting our continued focus on profitable growth in proactive expense and capital management. For the first quarter, consolidated revenue increased 5% to $8.8 billion, and operating cash flow grew 8.5% to $3.4 billion, resulting in a consolidated operating cash flow margin of 39%. Note that all of this is organic growth as there are no pro forma adjustments.

As you know, in addition to revenue and operating cash flow, we are very focused on free cash flow, free cash flow per share, and adjusted earnings per share as important metrics in evaluating the strength of our consolidated business. In each of these key metrics, our performance during the first quarter was very strong. We generated consolidated free cash flow of $1.4 billion, an increase of 95% versus the first quarter of 2008, reflecting growth in consolidated OCF and declining capital intensity.

In addition, compared to the first quarter of 2008, our free cash flow per share more than doubled to $0.47 per share and our adjusted EPS increased 42% to $0.27 per share. The reason for the adjustment is to exclude a one-time gain in 2008 related to the dissolution of the Insight Midwest partnership.

We are focused on execution and are pleased with these financial results. But there are several areas that could impact our results for the remainder of the year. Specifically, we have experienced a slowdown in gross connect activity and in March and April, our connects have weakened further across all of our service categories. Also the advertising market continues to be challenging with cable advertising revenue down 25% this quarter. We continue to see weakness in key advertising categories including autos, financials, and housing-related sectors.

Our programming division, which has been performing well, reported a 1% decline in revenue and a 2% decline in OCF as a result of an 8% decrease in advertising revenues in the first quarter. It is important to note that cable advertising revenue accounts for 3% of cable revenue and total advertising revenue accounts for approximately 5% of our total consolidated revenue.

Additionally, we are continuing to invest in areas that support profitable growth like marketing, retention, targeted promotion, business services, and longer-term competitive initiatives like DOCSIS 3.0 and All-Digital. As such, these expenses and related capital investment may accelerate throughout the year as we continue to balance our revenue, cash flow, and unit growth. While these items may impact us during 2009, we remain diligent with our expense control and are focused on delivering growth in revenue, operating cash flow, and free cash flow as well as improving capital efficiency as it declines in absolute dollars and as a percentage of revenue in 2009.

Let's review our cable division's first-quarter results in more detail. Please refer to slight five. In the first quarter of 2009, Cable revenue increased 5.5% to $8.3 billion reflecting growth in each of our subscription businesses including video, high-speed Internet, voice, and business services. Total video, high-speed Internet, and voice customer net additions were 549,000 in the first quarter. Overall, we have continued to experience lower gross connect activity as a result of the weakening economic environment and increased video competition.

However, churn continues to be flat to down across all service categories. In addition, our bad debt continues to run at similar levels to prior year as a result of our increased use of credit screening.

Total revenue per customer remained healthy, increasing 8% to $115, reflecting the following components. Total revenue for video increased 3%, reflecting a 6% increase in video ARPU and a decline in basic video customers. Our first-quarter '09 net video customer loss was 78,000, which does include some benefit from the broadcast digital transition particularly during February. We also expect to see some benefit in the second quarter around the June digital transition date.

This quarter's increase in video ARPU reflects rate increases and a growth in digital and advanced services, offset by additional bundling, promotions, and weakness in pay-per-view. For the first quarter of 2009, pay-per-view revenue was negatively impacted by fewer events and softness in movie buys. Our total number of OnDemand views continues to increase, averaging over 300 million views per month, but we are seeing a greater shift to free OnDemand content.

High-speed Internet revenue increased 9% in the quarter as we added 329,000 customers and had stable average revenue per customer of approximately $42. Our customer mix remains healthy as we continue to add more higher tier customers than those on the economy level [service]. Voice revenue increased 32% for the first quarter, reflecting continued growth in our customer base and a modest decline in ARPU to approximately $39. We added 298,000 voice customers this quarter and now have 6.8 million CDV customers. Our penetration is now over 14% and we believe there is a long runway for growth in this business.

At the end of the first quarter of 2009, 24% of our video customers took all three services compared to 18% in the first quarter of 2008. Revenue from our Business Services segment increased 47% in the quarter to $176 million, demonstrating that in a difficult environment our value-based strategy is gaining momentum. Business Services is growing nicely and the margins are now in line with our overall cable margins. We continue to expect Business Services to be a major contributor to our growth.

As I mentioned before, our local cable advertising business continues to be challenged with revenue declining 25% this quarter and unfortunately we are not seeing any signs of an advertising recovery at this time.

Please refer to slide six to review our cable division's operating expenses and operating cash flow results. Total expenses in our cable segment increased 3.5% in the first quarter, resulting in operating cash flow growth of 8% to $3.4 billion. Our cable operating cash flow margin in the first quarter increased to 40.8% from 39.7% compared to the first quarter of 2008.

As we expected, programming expenses increased 9.6% primarily reflecting higher digital programming costs as we increased our digital customer base and experienced higher sports programming costs. However, if we exclude programming costs, our total expenses increased 0.4% or essentially flat year-on-year even as we added $2.2 million video, Internet, and voice customers during the past 12 months, demonstrating our strong focus on expense management.

In the first quarter of '09, we also continued to extract scale benefits and deficiencies in our high-speed Internet and Digital Voice businesses. Compared to the first quarter of 2008, our network and direct costs for high-speed Internet declined 13% and Digital Voice direct costs decreased 16%.

In other areas, administrative and other SG&A expenses decline 2%, primary reflecting tighter controls and headcount reductions taken in 2008. Also marketing expenses decreased 8% year-on-year, but we do expect marketing expenses to trend higher throughout the rest of the year.

As we continue to focus on expense management, we are also absorbing additional operating expenses to support our key strategic initiatives such as All-Digital, the broadcast digital transition, and our focus on improving the customer experience, which is reflected in the 10% increase in technical labor and the 8% increase in customer service expenses. While we continue to evaluate our cost structure and to extract further efficiencies, we will also make these types of investments to support profitable growth and to enhance our product's superiority and improve the customer experience.

Please refer to slide seven to review capital expenditures for the quarter. In the first quarter of 2009, capital expenditures decreased 19% to $1.2 billion representing 13.1% of revenue. Declining CapEx was a result of improved efficiencies, lower activity levels, more favorable CPE pricing, and reduced construction spend. This result was achieved even as we invested in the growth of advanced video services, high-speed Internet, and Digital Voice services as well as in our All-Digital DOCSIS 3.0 and business service efforts.

Consistent with historical trends, capital expenditures continues to be predominately growth oriented with growth CapEx accounting for 76% of cable CapEx in the quarter. We remain very returns focused and are confident this growth investment will yield attractive return on incremental capital.

Over the past three months, we added 549,000 video, voice, and data customers. We added or upgraded 288,000 digital customers and 452,000 advanced service customers who received 1.2 million digital set-top boxes and adapters. Approximately half or 650,000 of these box deployments were advanced HD and/or DVR set tops. We now have 8.2 million HD and/or DVR customers and our advanced services penetration is over 47% of total digital video customers.

Also, we continued to purchase and deploy digital adapters in the first quarter to support our rollout of our All-Digital initiative, which began in the fourth quarter. As Brian mentioned, Steve will spend more time discussing this progress on All-Digital in a few minutes.

We also continue to purchase equivalent for DOCSIS 3.0 or Wideband and as Brian mentioned, we have already deployed this service to 35% of our footprint with a goal of 65% by year-end. We do expect our CapEx will modestly increase from these first-quarter levels as we continue to aggressively invest to sustain our momentum in Business Services and expand our deployment of wideband and All-Digital. Nevertheless, we continue to expect our full-year CapEx will be both lower in absolute dollars and as a percentage of revenue when compared to 2008.

Please refer to slide eight. As I mentioned in the first quarter of 2009, solid operating cash flow growth of 8.5% coupled with reduced capital expenditures resulted in free cash flow growth of 95% to $1.4 billion. Our financial strategy remains focused on a disciplined and returns-oriented approach to allocating capital as well as on growing free cash flow and free cash flow per share.

As we have previously indicated, we plan to utilize our internally generated free cash flow to pay down the charities this year. The economic environment clearly remains difficult and volatile and with modest debt reduction, we are improving the risk profile of the Company and increasing free cash flow per share which we believe is also accretive to equity values.

As we continue to evaluate our capital allocation strategy, share repurchases remain an option for further consideration. We currently have $4.1 billion of availability under our stock repurchase program and although we did not repurchase any shares in the first quarter, we may repurchase our stock from time to time. Additionally, we remain very committed to our dividend. In January, we have paid a cash dividend totaling $180 million. We paid our second-quarter dividend yesterday, which totaled $195 million, reflecting a recent 8% dividend increase.

Now let me pass the call to Steve.

Steve Burke - *Comcast Corporation - President and COO*

Thank you, Mike. Rather than go through each line of business the way we typically do, I thought what we do this morning with the time I have is discuss our All-Digital conversions, one of the most important projects for us this year. This project is going to deliver more additional bandwidth than any improvement we've ever made and we are excited about what this means for our customers, over 100 high-def channels, more ethnic channels, more VOD, faster Internet speeds, interactive advertising, and other improvements.

We recapture approximately 250 megahertz to 300 megahertz of spectrum by moving 40 to 50 channels from analog to digital. That's what we call the All-Digital conversion. That's more bandwidth than we gain from upgrading our plan from 500 megahertz to 750 megahertz. More importantly, we estimate the total cost of about $1 billion is less than 10% of what a physical rebuild would cost us historically and we can complete it in a fraction of the time. This investment will be spread over 2009 and 2010 and is built into all of our budgets and projections including our expectation for CapEx to be lower in absolute dollars and as a percentage of revenue.

Our digital conversion involves reclaiming 40 to 50 analog channels and leaving just the lifeline channels transmitting in the traditional analog format. To do this, we need to connect digital devices to all TVs receiving expanded basic service. About 14% of our customers take lifeline service. These customers will continue to receive their signals in analog and for them there is no change.

72% of our customers today have digital service. For these customers, we only need to worry about TVs in rooms that don't currently have digital boxes. We estimate somewhere around 20 million digital devices will be necessary for these television sets in other rooms.

Roughly 14% of our customers are analog expanded basic survivor subscribers. To these people we would give one set-top box and two adapters for free as we go through the transition. We estimate this will equate to roughly 10 million adapters and 2 million to 3 million regular set-top boxes for this segment.

We convert systems over a six- to 12-month period zone-by-zone according to ad sales geography. First, we spend some time getting digital penetration as high as possible. We then reclaim the channels in two waves. We've developed a very detailed process for doing this and began implementing in markets earlier this year. To make this work financially, we first had to create a low-cost digital adapter which cost us about 25% of the price of a digital set-top box or roughly $30.

After conversions are complete, our customers get substantial benefits. Existing analog customers get digital picture quality, a dozen new channels, 40 to 50 music channels, and an interactive guide at no additional cost. Advanced customers obviously get more high-def, wideband, ethnic channels, etc.

We begun digital migrations in cities like Portland, Seattle, and the San Francisco Bay area, and are preparing many other markets such as Atlanta, Philadelphia, and Baltimore. At the end of the first quarter, approximately 5% of our footprint has already completed the digital conversion.

Portland was our first major market and the one which is furthest along. Over half of the Portland market, which has roughly 600,000 subscribers, has converted and the entire digital conversion process will be done in about 60 days. To date, the customer experience and reaction has been favorable. Our network and the digital adapters are working very well. Customer satisfaction remains good and we have been able to operationalize the conversion with many less headaches than we thought.

The key success factor so far has been the high rate of self-installation. Currently over three-course our customers elect to self-install the digital adapter. We have a website in automated telephone-based response system that customers can use to order and activate their adapters. The results in Portland have been encouraging enough that we are looking at speeding up our rollout to over half our footprint by the end of this year.

So far the economics of digital conversions look very positive. We are seeing incremental call volume in our call centers but costs running below expectations due to less truck rolls than forecast thanks to a high rate of self install. While returns will vary by market and it's early on in the process, based on results to date, we believe that digital conversions have a 20% plus ROI in addition to the strategic value of recapturing bandwidth and the product enhancements I mentioned earlier.

On the revenue side, going All-Digital has a number of benefits. First, it reduces theft because it is easier to steal analog signals than digital signals. Theft reduction will give us more video customers in total plus an increase in expanded base of customers who currently pay for the lifeline service but get a higher tier illegally. We also get higher pay-per-view revenue from customers previously unable to order Video on Demand. We are seeing double-digit increases in pay-per-view versus markets that have not made the digital transition.

Finally, we get a revenue lift from higher tiers of digital services taken by some people as they convert from analog to digital. People who see Video on Demand in an interactive guide often want more of our services and they are therefore easier to upgrade.

In addition to these revenue enhancements, there are also cost benefits once a system converts to All-Digital. The need for technicians to visit customers' homes, i.e. truck rolls, is reduced, especially with routine activity. A lot of work can be done remotely from a centralized location. In some systems, we have seen a 95% decline in certain types of activities. On a companywide basis, this could lead to the elimination of millions of truck rolls per year.

In summary, our digital conversions are a major initiative for the Company. Virtually every person in every system in our Company will be involved in the digital conversion process during the next 18 months or so and once we are done, they will transform our Company. We also think they will help us financially because they have such a positive return on investment. We will update you on the progress of our digital conversions in future calls, but right now we are optimistic we can continue to report solid financial results while completing the conversions and once they are done, we will emerge in great fighting shape.

Marlene, let's open it up for calls.

Marlene Dooner - *Comcast Corporation - SVP of IR*

Thanks, Steve. Operator, let's open up the call for Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Jessica Reif-Cohen, Bank of America.

Jessica Reif-Cohen - *BAS-ML - Analyst*

Thank you. I was wondering actually two questions, if you could quantify the impact of over the air both on basic subs and any pull through on voice and data. And secondly, can we explore Video on Demand a little deeper? What is it? I mean, you guys did day and date with Twilight. Could you talk about those results? What is it that is not taking this to another level? Is it the guides? Is there just the number of channels or is it the window? Thank you.

Steve Burke - *Comcast Corporation - President and COO*

Let me answer both of those, starting with the Video on Demand. We are chipping away at the whole notion of day and date. We have a lot of films right now that are concomitant with the DVD release. We also have a number of studios that have shortened the window between the DVD release and when the films are available for Video on Demand.

I do -- I agree with your underlying premise that we haven't taken it to the next level in that the consumer doesn't generally believe that when a video is on Video on Demand -- when it is on DVD it's also on Video on Demand, but I do think we are making progress toward that and we have been at this for awhile and continue to chip away at it.

Regarding the broadcast transition, it is actually very difficult to precisely say how many subscribers we gain because if somebody calls up and says I want to take advantage of your $9.95 lifeline offer, they could be somebody who is converting from over the air to cable or they could be somebody who just wants to take advantage of that offer. And at the same time, there are some people who go all the way to expanded basic. So it's hard to precisely say, but clearly we had an impact, and expect an impact in the second quarter as well.

If you look at the drag on effect, about between 40% and 45% of all the people that come in on that offer, the $9.95 offer take another service or upgrade beyond that offer. So it clearly not only helps you with basic subs, but helps you with high-speed data and phone.

Operator

Spencer Wang, Credit Suisse.

Spencer Wang - *Credit Suisse - Analyst*

Thanks, good morning. I was wondering -- I got on the call a little bit late so I apologize if you have already addressed this. But Steve, could you just talk a little bit about the uptake of DOCSIS 3.0? I think you guys are in 35% of your footprint. And then, Mike, you guys had really nice margin improvement in the first quarter. Can you just talk about the opportunity to increase margins for the balance of the year? Thank you.

Steve Burke - *Comcast Corporation - President and COO*

On DOCSIS, first of all, we are hard-core on DOCSIS 3.0. We really believe in it. We want to have the majority of our Company DOCSIS 3.0 capable by the end of this year, certainly over two thirds of the footprint by the end of this year. We are about one-third of the footprint right now.

From a technical point of view, everything is going great. We are starting to offer the service to our customers in a bunch of different markets and one of the reasons why we think it is so important is for the vast majority of our footprint maybe 75%, 80% of our footprint, the RBOCs can't compete when we go up to 50 mg and beyond. And even in fiber telco rollouts, we can be fully competitive with DOCSIS 3.0. So we are very committed to it.

I don't think it is necessarily affecting our financials or our high-speed data subs right now, but we are rolling out and we are adding more markets and technically it's working and the cost curve that we assumed we would be on, we are right on. So it's all going well.

Michael Angelakis - *Comcast Corporation - CFO*

Spencer, I'll take the margin question. I think we did a good job obviously in the first quarter with margins. There are put and takes with regards to negative and positive attributes related to our margins. We really look at our margin as being relatively stable and we expect that through the rest of this year. That we'll have some put and takes but overall they will net out and be pretty stable.

Spencer Wang - *Credit Suisse - Analyst*

Great, thank you very much.

Operator

Craig Moffett, Sanford Bernstein.

Craig Moffett - *Sanford Bernstein - Analyst*

Good morning. Two questions if I could. First, subscriber trends, Time Warner Cable said yesterday that second-quarter trends have sort of returned to fourth-quarter levels. I am wondering if you are seeing the same thing?

And then a question for Michael, I wonder if you can just elaborate a little bit more on your expectations around capital structure. You had a shelf registration earlier this week that presumably gives you some flexibility to refi this year's maturities if that's what you choose to do. Should we read into that the possibility that share repurchases might come sooner rather than later?

Steve Burke - *Comcast Corporation - President and COO*

On the subscriber trends, I would agree in sentiment with what Time Warner said. There's no question in March and April our -- from a basic subscriber point of view our activity levels were lower than we wish they were. I think as we go through this --

Craig Moffett - *Sanford Bernstein - Analyst*

Sorry to interrupt, but is that just normal seasonality? Because you would expect that in the second quarter anyway, or is it something different?

Steve Burke - *Comcast Corporation - President and COO*

I think it's -- I think what we are finding -- well, second quarter and third quarter are traditionally slower quarters for cable companies than the first and fourth. So you've got that. But I do think what has happened in March and April is the economy from our perspective, it feels like you have months that are better than you think, months that are slightly worse than you think, and it's kind of rolling a little bit more than just a linear thing. And a lot of this has to do with housing starts and just the overall sentiment out there.

But I do think it's fair to say January and February and maybe the beginning of March we were feeling better and then March and April have been slower. We are doing a bunch of things and every -- all of this is on the margin. The difference between a great month and the bad month in terms of basic subscribers can be 0.1% of our total base. So everything is very marginal in terms of its impact, but I do think March and April were tougher than January and February.

Michael Angelakis - *Comcast Corporation - CFO*

I'll take the capital structure question. Craig, we did file a shelf. Our previous one had expired, so this shelf is really just a renewal of that. I wouldn't read anything into it. It's typical housekeeping for us.

With regards to capital structure, I think we have been consistent that we have some maturities this year acts over the next 90 days. We will meet those maturities with our internally generated cash flow. But as I mentioned in our remarks, we are always evaluating our capital allocation strategy and that does include buybacks. I do want to level set a bit is I think the economy is still very tough. Obviously there's some optimism out there, but if you look at vacancy rates and foreclosures and unemployment and even what is happening in moves, there's some pretty troubling statistics. So I think we're still being a bit conservative.

Craig Moffett - *Sanford Bernstein - Analyst*

Thank you.

Operator

Ingrid Chung, Goldman Sachs.

Ingrid Chung - *Goldman Sachs - Analyst*

Thank you, good morning. So two questions. First, what is your strategy in terms of addressing growing online video viewership? Is there certain programming that keeps people on your video service, like maybe sports and local? And then the second question, Steve, you just spent some time talking about your All-Digital initiative. Why have you chosen to go All-Digital rather than use switched digital video?

Brian Roberts - *Comcast Corporation - Chairman and CEO*

This is Brian. Let me begin and Steve can add to it. I think we really believe that we want to be in a position with the consumer to find a way to offer whatever platform the consumer wants to consume content on, to find a way consistent with maintaining the business success for both the content providers and ourselves and other distributors and at the same time as consumer-friendly as possible so that as this technology continues to ripen we are right in the right place.

And I think we are excited about certain steps that appear to be something that we are going to be able to take here and we will have more as this develops later in the year, which is to be able to say certain content is now available on your PC and we will evolve that to other platforms as we grow sort of OnDemand online.

And at the recent cable convention, there were several content companies also trying to talk through how to do this. There's questions around how to -- if there's some standards that can be set on how to make sure digital rights management and security work, etc. And I have said previously that we believe the trend is not causing people other than maybe very rare examples at certain young demos who may not have subscribed to say I can't live without my cable subscription or my satellite subscription because I can get all the content online, and yet there's many people enjoying online content.

So we want to -- and that is powering broadband. One of the things Steve said earlier was that DOCSIS 3.0, part of our strategy is to continually reinforce the message, absolute best place to get broadband and the highest value for that broadband product which every one of our products you take is to buy Comcast high-speed Internet. And I think that generally speaking is a very good place for us to be. So hopefully that answers that part. Steve?

Steve Burke - *Comcast Corporation - President and COO*

So on the All-Digital, there are a variety of ways to get more bandwidth. You can rebuild and go to a gig. You can introduce switched digital or you can do All-Digital conversions and when we looked at all the different ways to get more bandwidth, we felt if you say I want it quickly. I want to spend as little as possible. I want to have the minimal intrusion on the customer experience, when you analyze all those variables and you can get a digital adapter for around $30, that was a really key thing that we did, for us, it all points to going All-Digital.

And really behind all of the desire to get moving quickly and get the entire Company done was really to get to 100 high-def channels as soon as possible and offer wideband. When you put that all together, really the cost of the activity and the reliability and the ability to get it done quickly for us, it pointed to All-Digital.

Ingrid Chung - *Goldman Sachs - Analyst*

Okay, great. Thank you.

Operator

Vijay Jayant, Barclays Capital.

Vijay Jayant - *Barclays Capital - Analyst*

Thanks, I've got a couple. First, you saw like Cablevision announce like a 100 megabits service for about $100 and I think you have a 50 megabit service for $140. I just want to understand the philosophy on sort of DOCSIS 3.0 pricing. Is there a certain speed level after which it just becomes a premium service and you can charge some incremental dollar or is it truly variable to speed? That's my first question.

Second on programming costs [for a start], it looked like about 12% per subscriber per month, I put 12% of service (inaudible). Can you sort of talk about how -- is the video business ever going to have incremental improvements in margins given that dynamic or is this just a short-term phenomenon that changes over the next year or so? Thanks.

Steve Burke - *Comcast Corporation - President and COO*

Well, on the pricing question, this is a brand-new product. We are going to trial different things. Other providers will trial different things and we will see what resonates with the consumer. As today's applications don't -- this is chicken and egg and I think it's great that others are rolling out this platform now and I think you are going to begin to see innovation around what to do with 50 or 100 mg at this speed. So that's one we're going to have to talk about down the road as to exactly what is the right pricing model?

But clearly one of the things that we are able to do with DOCSIS 3.0 that isn't quite as headline-grabbing but maybe much more impactful is to increase the speed to all of the existing customers using this platform in a very dramatic way that we will clearly differentiate us in many of our markets where they don't have to subscribe to a premium tier. And if you go back to what I said in the previous answer, the goal is to make sure that we are the fastest Internet at whatever package you take, we are the best value. But it's the premier product in the market. And that is the positioning that I hope that we are able to achieve using the DOCSIS 3.0 platform. Mike?

Michael Angelakis - *Comcast Corporation - CFO*

Vijay, on the programming side, total we experienced over 9% increase in programming for the quarter. Obviously that's not a heartwarming number and I think that we are working really hard to bring that number down. In addition, we are growing revenues on the video side. We are having certainly more digital penetration and so forth. So I think that the number we are looking at this quarter is abnormally high. We don't think that's a normalized number in terms of the 9.6%.

Vijay Jayant - *Barclays Capital - Analyst*

Thanks.

Operator

John Hodulik, UBS.

John Hodulik - *UBS - Analyst*

Thanks, good morning. First, a couple questions, first for Michael. Can you update us on the Company's target leverage ratios, especially given the improvements we have seen in the credit markets and the upcoming maturities your Company have -- the Company has?

Then Steve, in the past you've talked about the changes that you are seeing in telco competition. Could you just give us an update maybe on what you've seen over the last several months? It seems as if the telcos aren't building out as fast as they may have been in the past and just what you guys are seeing in the market there?

Michael Angelakis - *Comcast Corporation - CFO*

John, on the target leverage ratios, I would just say I don't think anything is set in stone with regards to leverage target ratio. I think there's a lot of external factors that really can impact one's view on what leverage ratio should be. We ended the year at about 2.5 times. We are this quarter roughly 2.4 times. As we execute our plan this year, that number will come down somewhat and I think we are going to evaluate how the macroeconomic world looks.

But I don't think there is anything that is really set in stone particularly with regards to ratio and previously we had talked about 2.5 a bit. I think give where the economy has been and so forth, that number is coming down slightly.

Steve Burke - *Comcast Corporation - President and COO*

In terms of telco competition, we probably hear all the same rumors that you do, but we are operating under the assumption that they are going to keep building and they are going to continue to be very aggressive competitors as they have been in the past. To the degree we get positive news in the future, that's great, but I think if you are sitting where we are sitting you have to assume they continue to do what they say they are going to do.

John Hodulik - *UBS - Analyst*

Okay, thanks.

Operator

Jason Bazinet, Citi.

Jason Bazinet - *Citigroup - Analyst*

Thanks so much. You know, if you look at the J.D. Power customer satisfaction scores over long periods of time, there are sort of these perennial winners like Cox. But what's been intriguing and I guess there's been a few companies that have sort of lagged like Insight and Cablevision that are suddenly left off the page in really improved customer performance or customer satisfaction.

I guess my question for Brian is Comcast seems to sort of bounce sort of relatively stable and it seems like there's pretty strong evidence that if you get that metric up you can have much better basic sub growth. And so is this a major priority for the firm going forward as competition ramps or is it something you focused on and just not been able to really move the needle given just the breadth of the operation? Thanks.

Brian Roberts - *Comcast Corporation - Chairman and CEO*

Well, we're not totally convinced with the premise of the question. But that said, we are convinced that we want customer satisfaction to improve, that the customer experience to improve, whether it's in that particular survey or in our own analyses. I think that begins with starting with real substance of network reliability, improved customer care and I think we have made it a huge focus of the Company. I've said so in the past and I think we feel that we've made some progress and we will keep reporting to you on that progress.

There's a lot that goes into some of the results of those surveys which are individual companies have their own ways of doing them, but we have a very broad look at customer satisfaction at Comcast. We have put a lot of focus in all of our management.

In fact, Steve and Dave Watson and others, my father and myself, we have been to see probably 90% of the supervisors and leaders of the Company in the last 90 days on that very subject. So it is a huge focus in the Company.

Jason Bazinet - *Citigroup - Analyst*

Okay, thank you.

Operator

Doug Mitchelson, Deutsche Bank.

Doug Mitchelson - *Deutsche Bank - Analyst*

Thanks very much. So Cox indicated recently that it was targeting $1 billion of commercial revenue in 2010. You've got about 5 times their footprint size, so that implies an opportunity of about $5 billion for commercial revenue. I know your stated target, Steve, is $2.5 billion in a few years and Cox had quite a head start on you. But is that $5 billion opportunity a silly number or is that a fair longer-term target? And what do you need to do on the execution side to ramp growth enough to get to that kind of level?

Steve Burke - *Comcast Corporation - President and COO*

You know, it's hard to tell. What I will say is we are currently growing 45% revenue growth or 50% revenue growth if you look in our performance right now. And you keep growing at that rate, that $500 million is going to go up real fast. Whether it ends up going to $2.5 million, $3.5 million, $4.5 million, $5.5 million, I don't know but I do think there is a huge business there and we just want to keep growing at the kind of ramps we are at right now.

I would challenge our team to have the same kind of penetration that Cox or anybody else has. I don't really see a reason why we can't. You do have to adjust. Everybody has got different geography. We may have less small businesses or more small businesses pro rata in our footprint than Cox or someone else. But net of those adjustments, there is no reason why we can't exceed the $2.5 billion and whether it ends up being $3.5 billion, $4.5 billion, $5.5 billion, I think it's too early to say.

Doug Mitchelson - *Deutsche Bank - Analyst*

Well, if you look at your team right now on the commercial side, are you gathering as much share as you can possibly take or are you still ramping the size of those operations?

Steve Burke - *Comcast Corporation - President and COO*

I think we are moving pretty nicely right now. I was a little frustrated 18 months ago and said that on one of these calls. I spent a lot of time with Bill Stamper and his team. We have a monthly review of all of their metrics and they are fully staffed. We have a great sales force. We have a great strategy. The installations are getting done and anytime a $500 million business grows 45% a year, I think you are doing a lot of things right and I think they are. So if we can keep that ramp rate going, I think we're doing a good job.

Doug Mitchelson - *Deutsche Bank - Analyst*

All right, thank you.

Operator

Benjamin Swinburne, Morgan Stanley.

Benjamin Swinburne - *Morgan Stanley - Analyst*

Good morning. Thanks for taking the question. Brian, I wanted to ask you about what's coming out of Washington these days now that we've left the Kevin Martin FCC behind and some new goals have been set out specifically around broadband stimulus, net neutrality, the litigation on the ownership caps, and what we've heard from a lot of people on consumption-based billing. If you could just comment broadly on how you view the administration, the FCC, in terms of your priorities that would be very helpful.

And then I just had a quick question for Steve on whole home DVR. Is that a product you guys are focused on rolling out at least anecdotally sounds like people who have that from some of the telcos are pretty happy with the service? Is that something that Comcast will roll out this year? Thanks.

Brian Roberts - *Comcast Corporation - Chairman and CEO*

Okay, I'm not quite sure how to -- there's a lot in the Washington question. I just think that we feel we've turned a corner into a new era and I'm going to refrain from commenting on past era except to say that it is a new day and we are -- they will have its issues, but I think as long as the industry is able to articulate its case and have a fair debate for many, many years of policy when these new days began, the industry seemed to have had a very fair outcome.

And so there are issues around the industry, but right now I think there are much bigger issues being debated in Washington on the policy of economy, the auto industry and healthcare. Our industry I think is able to look at things like broadband stimulus and try to point even though we are not really directly there as paying that something. We are focused on receiving dollars but that it should try to go to unserved areas.

There are points of views on each of the subject you talked about. We are not at the moment -- we do have a 250 gig white cap but we are not actively trialing something different right out. We however do believe in the long run these are areas that should be as the technology evolves you are going to have to have conversations about what are ways to evolve the way you manage your network.

So we will have lots of opportunity to get specific, but right now we are pretty pleased to try to stay focused on our execution. There's nothing right this minute that is imminent it doesn't seem to me.

Steve Burke - *Comcast Corporation - President and COO*

So it's interesting, I was thinking we don't really talk about product enhancements frequently on these calls and we are rolling out a lot of product enhancements as we speak, caller ID to the television set, changes in our guidance, so on and so forth. But we do want to do whole home DVR. It is on our roadmap and within the next nine to 12 months you will see it. But that's just one of a number of things that we are pretty consistently rolling out right now to improve our video service.

Benjamin Swinburne - *Morgan Stanley - Analyst*

Thanks, Steve.

Operator

Marci Ryvicker, Wachovia.

Marci Ryvicker - *Wachovia - Analyst*

Good morning, thank you for taking the question. First, what percent of your footprint is currently passed by fiber today and how does this compare I guess to the last couple of quarters? And then secondly, is churn higher in the markets where you are doing the All-Digital conversion at least during the conversion period?

Michael Angelakis - *Comcast Corporation - CFO*

Right now, we are at about 24% overbuilt by AT&T and Verizon -- split roughly half and half with that. So interesting on the churn questions, we are not seeing any real differential per your question. Overall as I mentioned, churn is down on every service category, but in those particular markets, we are not seeing any major differential.

Marci Ryvicker - *Wachovia - Analyst*

Thank you.

Marlene Dooner - *Comcast Corporation - SVP of IR*

Thank you all. Operator, we can now close the call. We thank you all for joining us this morning.

Operator

There will be a replay unavailable of today's call starting at 11.30 a.m. Eastern Standard Time. It will run through Friday, May 5 at midnight Central Time. The dial-in number is 800-642-1687 and the conference ID number is 91519607. A recording of the conference call will also be available on the Company's website beginning at 12.30 p.m. today. This concludes today's teleconference. Thank you for participating. You may now disconnect.