FINAL TRANSCRIPT

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PRESENTATION

Jason Bazinet - *Citigroup - Analyst*

Well, thank you for joining us today.

Michael Angelakis - *Comcast Corporation - CFO*

Pleasure. It is great to be here.

Jason Bazinet - *Citigroup - Analyst*

You know what, for Comcast and for the cable sector in general, '07 was a pretty difficult year. What we saw was relative to expectations early on some of the EBITDA numbers came in, some of the CapEx numbers came up, and as a consequence, the free cash expectations that came in relative to what you were looking for at the beginning of the year. And I was just wondering as a new member of the Comcast management team, can you just elaborate on sort of what were the root causes behind some of those changes or these sort of bad decisions that were made a while back that have sort of manifested themselves, or is it just a bit more tactical in terms of what is going on quarter to quarter in the marketplace today?

Michael Angelakis - *Comcast Corporation - CFO*

I think that in the first and even in the early part of the second quarter compared to the third quarter, there really was a meaningful change in the environment. I think that obviously we had a tremendous amount of momentum in '06 in going into '07. And I think towards the end of the second quarter, we started to see some softening, and that softening from our perspective was really occurring from two areas. One was, we were seeing some softening on the economic side, and also we were seeing I would say more intensive competition from a variety of factors. Those factors, whether they be certainly the telcos and not just FiOS, but when you think about competition, we think about competition not just on the video side but on the data side as well.

So we started to see that, and those brands continued in terms of softening through the third quarter, and we were certainly hoping for a rebound in the fourth quarter. Typically the fourth quarter is a very strong fourth quarter, and we did not see that kind of rebound as we moved into the early part of December.

In addition, a meaningful component of our growth during '07 is on the advertising sales side. And we had seen a steady sort of reforecast of that performance in the first and even in the second quarter where throughout the year we saw softening on the advertising side. If you backed out the advertising business from sort of the core cable business, core cable growth was still very robust. But the combination of really those three factors, whether they be the economy side, whether they be the competitive side or even on the advertising sales side, really I think led us to revise that guidance in early December to from a corporate prospective at least 13% OCF growth to 13% OCF growth. I'm still pretty positive obviously and bullish on a company that generates 13% OCF growth. But we clearly had to revise that guidance.

The second part of your question is, at the same time that we did that, we actually revised upward our CapEx, and that has obviously an impact on free cash flow. Part of me is disappointed obviously in the free cash flow side. No one likes to revise that guidance. However, part of the reasoning for the CapEx side was really around several areas that were decisions that were made.

One is around a further investment in advanced set-top boxes, which includes high-definition and DVRs. And we are I think that was a great investment for us, and we should continue to make those investments. Clearly we overspent what we were anticipating spending in that area.

Now unfortunately that does not have a core relation to RGUs. So there is a bit of a disconnect that people were trying to figure out understandably so where we revised RGU guidance down from 6.5 to 6, but obviously CapEx went up as well.

So I still think '07 will be a good year for us, a really solid year. Clearly it is more challenging in the second half than in the first half, and I think '08 is going to be a year for us about execution, execution in an environment that has changed, but one that we're adjusting to.

Jason Bazinet - *Citigroup - Analyst*

Let me dig into the economic element of the three things you talked about, economic weakness, competitive and then some softness on the advertising side.

One of the metrics that we looked at going back I think the fourth quarter 2005 was Accounts Receivable measured in days sales outstanding and the allowance for doubtful accounts measured as a percentage of gross A/R. And neither of those metrics seem to have deteriorated materially. In other words, the customers that you have seem to still be paying their bills, but what you're saying is that on the margin in terms of the incremental net add is where you are seeing the weakness?

Michael Angelakis - *Comcast Corporation - CFO*

Yes, we are talking about everything on the margin, to be honest with you. You know you are talking about at least 13% OCF growth to 13%. Our CapEx has gone from up 5% was our guidance of roughly $300 million. So a lot of it is really -- it is not -- in aggregate, there is materiality, but it's not a huge number.

What we saw is our bad debt clearly increase in the second half of the year, and I think I've stated that we have seen about $100 million increase compared to the prior year of bad debt. That is sort of number one.

Number two, one thing that we have seen, and I sort of put it to both categories of competition and economy, is we have seen our churn pick up a little bit. And what that does is that obviously creates a lot more activity within the system. It also absorbs capital in a little bit of an inefficient way. And it creates gross adds, but we're very focused on net adds.

So there are some inefficiencies there that we're dealing with. But the point is that when we think about what we saw, what we witnessed in the second half of '07 is clearly saw some bad debts increase. We clearly saw a a pickup in churn, and that was an absorber of part of that capital as well as it put pressure on our net adds.

Jason Bazinet - *Citigroup - Analyst*

I get that one of the concerns I know that we hear from a lot of our clients is that if you just look at the video product, that there is a potential -- people believe that Comcast has sort of lost the upperhand in terms of differentiating video vis-a-vis DBS's HD advantage. And I was wondering if you could just talk about how much of that do you think is a real disadvantage and how much of that is more a function of sort of the communication from a marketing standpoint of the consumer about where you put sit vis-a-vis DBS?

Michael Angelakis - *Comcast Corporation - CFO*

Well, I think it is a marketing part. We are not -- I do not think we have lost the high ground at all. We are deploying set-top boxes on the HD side at a very rapid pace. Through the third quarter, we deployed 1 million 7 set-top boxes from an HD prospective. 40% of our digital customers are HD customers. We are rolling out more HD channels in systems everyday.

I was at CES yesterday, and Brian gave a keynote in the morning, and one of the four initiatives for the Company was around HD. And we are going to be continuing to roll out HD linear channel, but we are also going to be rolling out in a pretty aggressive way HD on a VOD prospective. Our hope is that we will have 3000 HD movies available on VOD.

So one thing that I will say is our messaging has been around really three products, and it has been around triple-play to a large degree, and that has been a large focus for us in 2007. Some of our competitors who are more single product focused have really focused on the HD only side, and we've had got to correct that message.

Jason Bazinet - *Citigroup - Analyst*

And that is something you expect to do in '08 that will --

Michael Angelakis - *Comcast Corporation - CFO*

Yes, we're doing it everyday. I mean we're trying to correct that message. I think you will see more marketing from us. We have done study after study. We will be promoting that where our consumers, not necessarily just our customers, prefer our HD product over a DBS product. We will continue to promote that research.

So go back to your first point, I think it is more perception than reality.

Jason Bazinet - *Citigroup - Analyst*

Okay. I know one of the hot button issues in cable as you sort of work your way down the cash-flow statement, the CapEx has sort of creeped up and has sort of impinged upon free cash. And I think you guys have said in the past that CapEx in dollar terms may be up but as a percentage of revenues will be down. And I guess the question is, down off of what number? Is it the old number in terms of CapEx to revs that we have for '07 or the new number?

Michael Angelakis - *Comcast Corporation - CFO*

That is a good question. I think that directionally you will see CapEx as a percentage of revenue continue to go down. So I think it is going to be actual. And I think it is one of our areas of focus for '08 is clearly around CapEx. We want to make sure that we are articulating the CapEx story well, and that means what kind of returns are we generating from that CapEx. We are anticipating a change in how we qualify CapEx. I think it will fall into three buckets, and I have talked about this before.

It will fall into what I would call a maintenance capital bucket that we will articulate and discuss with our shareholders. It will fall into a discretionary bucket, and it will also fall into a growth area. So we will have three areas of dollars that CapEx will be allocated to. I think the growth area is pretty self-explanatory where really every dollar of capital has to have a revenue component to it. And I can tell you that the analysis we have done internally obviously is the returns on that growth capital, actually very attractive returns in terms of cash-on-cash return.

The discretionary is one where it is not recurring. It is clearly a little bit more subjective. Some of it will be defensive, some of it will be offensive and generate great returns. I think maintenance is self-explanatory, and the real goal is to articulate over the entire capital expenditure budget what kind of returns are we generating. And I think it is one of our goals in '08 to articulate that to you and to our shareholders regarding it.

Jason Bazinet - *Citigroup - Analyst*

Okay, okay. There is a school of thought in the investment community that the cable industry because it has to sort of analog customers and digital customers and HD customers is sort of capacity challenged and sort of cannot do everything they would want to do on the video product in terms of linear channels.

I was just wondering if you could spend a few minutes and talk about three areas related to network upgrades. One sort of where are you in terms of 1 gigahertz upgrades both actually and then looking through two to three years out. Where are you in terms of Switch Digital and then markets that may or may have not been fully digitized, and how do you see that sort of evolving over the next two to three years?

Michael Angelakis - *Comcast Corporation - CFO*

On the 1 gigahertz side, I do not think you will see us upgrade our plant in a proactive broad brush approach to 1 gigahertz. I think we're pretty comfortable with where we are. I think that as natural upgrades occur, equipment gets installed, some of it is 1 gigahertz equipment. But there is not a broadbrush effort across our Company to upgrade. We do not think there's a need for that or requirement.

When we think about Switch Digital, we are -- we have had in '07 and we will continue to have more tests of Switch Digital in New Jersey and in Denver, and those have been very successful. Our colleagues at Time Warner are also testing that and I think being quite successful on how they are rolling that out.

The comment about digital in terms of digital transition and analog reclamation, I think you will continue to see us do that. I think we are taking an approach where it is a little bit more of a system by system approach, not necessarily a Companywide approach. We did transition to primarily all-digital part of the Chicago market. Interestingly, we left an analog basic tier, so people who have second and third sets do not necessarily need a converter box in order to get access to some core channels. But, as our digital penetration increases overall, I think you will see us take advantage of that and certain markets go all-digital. I think that is a natural evolution for us.

In addition, given what is going to happen in about a year in February of '09 with the digital transition, you will see us be a little bit proactive in how we deal with that as well, trying to be more consumer-friendly, but also trying to deal with more digital in certain markets.

So we did I think a very good job in '07 in terms of deploying digital overall, in terms of our penetration rate, and that is a key focus for us in '08.

But I think the point is we don't really feel we're that capacity-constrained. We really don't. We think we have options clearly of how to free up excess capacity for whatever the purpose will be. Whether it is VOD, or whether it is DOCSIS 3.0, which is -- excuse me, which is now called wideband. So we think that we have options within our systems of how we will reclaim additional bandwidth.

Jason Bazinet - *Citigroup - Analyst*

Just two follow-up questions. I guess on the 1 gigahertz upgrade, is there -- while there may not be sort of wholesale decisions to go to 1 gigahertz across the footprint, is there any sort of (inaudible) internal that the Company says, as an example where FiOS goes, we upgrade to 1 gigahertz?

Michael Angelakis - *Comcast Corporation - CFO*

No, no. Actually I think the differentiator is more on the data side (inaudible). I think that we feel we will have -- we will be able to or have today existing video capacity that we're comfortable with, whether it is HD or VOD. I think we are rolling out later this year DOCSIS 3.0 in some markets, which from an incremental cost standpoint is not that meaningful. And I think from a bandwidth standpoint, we're going to be really focused on additional HD capacity, additional VOD capacity, which is a really big initiative for us, as well as additional bandwidth on the upstream and downstream on the wideband or data side.

Jason Bazinet - *Citigroup - Analyst*

I guess one of the big sea changes in 2007 was an actually rather abrupt shift in the valuation metrics that the street is using to value cable. We've seemed to have quickly gone from [EBD] to EBITDA multiples to more investors focused on earnings and free cash, which sort of says two things. One, the market believes that the growth rates going forward will slow down, i.e. you are sort of entering from a growth company to more of a value company. And second, the natural questions that we hear from investors are more focused on the sort of questions that value investors ask, which is share buybacks, will Comcast ever issue a dividend?

So two questions here. Do you think that, does the street have it wrong, or are we sort of entering a period where we can soberly say the best days of growth are behind us, and we will begin to sort of focus more on free cash and buybacks and dividends?

Michael Angelakis - *Comcast Corporation - CFO*

I don't think the best days are behind us at all. In fact, I'm very optimistic about the business. Organically the Company grew $1 billion of OCF last year. Organically the Company grew revenues by $2.5 billion last year. And that is in what I would say a pretty challenging competitive marketplace where you have in some markets four or five video competitors. You have two very well established high-speed competitors. Obviously you have two phone competitors. When you look at our penetration rates on particularly high-speed invoice, and I think there's enormous headroom when you just compare us to our peers whether they be the Cablevision's or the Cox's of the world or other people who I think have rolled out those services ahead of us and have a little bit more maturity in their business plan and cycle than we do.

So I think we have a lot of growth left in terms of those business products. We have not even talked about our business services opportunities, which I think are ahead of us as well.

So it is hard to comment on multiple compression. But I think organically we have still a lot of growth left, and I think we're very focused on obviously revenue, OCF and free cash flow growth. And those are three areas we are laser-focused on, and there is a balance among those, and clearly a key component within that mix is CapEx.

And if we can make sure that that CapEx is being invested to generate a return that is profitable growth, I am very optimistic about the growth profile of the business.

Jason Bazinet - *Citigroup - Analyst*

Very good. I think you mentioned Cox. One of the dynamics we have seen is that while video penetrations hover around 50%, there has been some movement on the part of Cox to get much more aggressive on the data phone bundle specifically, higher gross profit margins. I was just wondering if you could comment a bit on philosophically how Comcast has addressed the data phone bundle historically and sort of what changes if any you contemplate going forward regarding that bundle?

Michael Angelakis - *Comcast Corporation - CFO*

Well, the Company has a history as a video-centric company, and I think that that has been a part of the culture. And as that culture has evolved, it has evolved from video-centric to new products, particularly high-speed, and how do you bundle high-speed within our product category to our customers? And then obviously voice. I think you will see in '08 a more aggressive initiative along those lines where overall, let's say, we have 50% penetration in certain -- or as a company.

The way I look at it is we have made an enormous investment in our network. And if we have a marketplace or we have video customers of 50%, that means we have nonvideo customers of 50%. The majority of those customers clearly have a telephone line, and a large number of those customers have need for broadband. And I think you will see us market those nonvideo customers with one and two product services, particularly around voice and high-speed. I think in voice we have a great product. It is more value-oriented in terms of unlimited LD, but also you will see more features added to that product that is sort of VoIP-enabled coming out in this year. And we announced some of those at CES, and I have actually a Comcast phone that is getting installed in my house that I can actually look at e-mail on my phone and so forth. We're also on our portal having a thing called SmartZone, that the same way you get e-mail is you will be able to get a voicemail come in and listen to your voicemail. So those are features on our phone service that I think are really terrific. And I think we have the best product on the high-speed side.

So given we have made this massive investment in our network, we should be marketing those nonvideo customers who are nonvideo for a whole variety of reasons, but those are really attractive products for us in terms of high-speed and voice, and we should be going after it.

Jason Bazinet - *Citigroup - Analyst*

Very helpful. I'm going to turn it over to the audience in case you all have any questions. So I am going to assume there are some mikes around. But if you have a question, just raise your hand. There is a question in the center of the room.

QUESTIONS AND ANSWERS

Unidentified Audience Member

When you were discussing high-definition TV, you talked a little bit about that you were correcting the message and you are working on correcting that everyday. Can you give us some tangible examples of how you are correcting that message?

Michael Angelakis - *Comcast Corporation - CFO*

I would say improving the message is a better description. We're clearly marketing. We're clearly advertising. We're going out to our customer base. We ran a promotion in the fourth quarter for triple-play given away for a year an HD box. We think we have a great HD service.

For those of you that are Comcast customers, I used our HD service every single day. And I also don't think it is the quantity of HD channels linear, I think it is the quality of them. I think we all know that there is a focus on number of channels. So I think we're really very intent on improving our HD message, and that will incorporate a large marketing effort and image effort and so forth, as well as truly rolling out more HD channels and putting more HD boxes in the phone.

We're also working on the retail side as well. Where people go and buy HDTVs, we want to make sure that those sales people on the floor, retail stores have an affinity towards us as being a very capable HD provider.

Unidentified Audience Member

And then just secondly, Brian Roberts' announcements yesterday were obviously very positive. But is there a reason why those could not have been made in the fall to kind of get the marketing message out there about 1000 HD programs and about the True Two Way? I mean what was so significant about yesterday versus getting ahead of some of what DirecTV was doing last fall?

Michael Angelakis - *Comcast Corporation - CFO*

I think you're getting all your ducks in line. This is not about messaging. This is about making sure you can execute on certain things. True Two Way was one that has been being worked on a long time, and we have a partnership with Panasonic and LG and Samsung from an OCAP two-way perspective.

On Project Infinity, which was also announced yesterday, which is really an effort to greatly expand our VOD offerings both in terms of just pure VOD as well as HD VOD. There are partnerships and efforts related to that.

So a lot is going on in our business. It is a very dynamic business. And we have chosen that CES would be a place where we would really take the offense on a whole number of fronts -- HD, customer service, network performance, innovation. Those are areas that are really important for us, and we want to start the new year in a pretty strong way.

Unidentified Audience Member

If one looks at your competitors and similar companies in your businesses and use AT&T, Verizon and Rogers up in Canada as examples, one of the characteristics of their relationship with shareholders is a significant level of dividends and reasonably consistent dividend increases.

I'm curious, especially as the stock is down, that the use of dividends is not part of the dialogue of the Company with shareholders, especially when something like the weather channel comes available for $5 billion, and the stock goes down almost instantaneously as soon as that is announced because of investor suspicion with your deployment of capital.

Michael Angelakis - *Comcast Corporation - CFO*

I don't think dividends are not part of the dialogue. I think dividends have always been part of the dialogue. In fact, this Company was a dividend payer many years ago.

I think the focus has been over the years is a consistent return of capital in excess of our free cash flow using buybacks as the primary method. I think your point is well taken. I think dividends are a dialogue that we consistently have internally and externally with investors and with our Board and among the management team. But the path that has been chosen over the last several years, including in '07 in the third quarter, we expended about 140% of our free cash flow on buybacks. And then in October, we also announced a pretty robust buyback program.

So I think our focus has primarily been on the buyback side versus the dividend side. But I don't want to leave you with the impression that dividends are not part of an active dialogue.

Unidentified Audience Member

I had a question. I'm curious in terms of your view on how your relationship with Sprint will evolve over the next few years? And related to that, the role of wireless broadband in terms of your future service bundle.

Michael Angelakis - *Comcast Corporation - CFO*

It is a great question. It is a strategic question. Obviously the pivot joint venture that was announced a while ago with Sprint has not really evolved to the kind of product that I think everyone was anticipating. I think we're very hopeful about the new management at Sprint. We work with Sprint everyday. We have a very good relationship with them. We think they have a wonderful asset in their Company, both on the 3G and the 4G side. And I think we have lots of discussions going on with them.

Obviously they have been under a lot of pressure operationally over the last year or so, and then there has been a vacuum for the last few months on the management side. We're hoping to work through things where we can put together some mutual beneficial partnerships that on the wireless side, particularly on 3G that we think can make some sense. And we're spending time with them. We will see where those discussions go.

I don't think that is news to anybody. We have had a long relationship with them.

On the wireless broadband side or wireless in general, I think we are not participating in the 700. We had made a major investment in AWS spectrum awhile ago. I think what we're really trying to figure out is what is the product and how does that product integrate with our existing product lines. How do you take our existing product line and maybe put it on the go or outside the home? And what does that product really look like? What is the appropriate technology and strategy, and what is the business plan or financial case around that that would make some sense?

I can tell you we have not resolved any of those three pieces at all. We are looking at them, we are evaluating, pushing them around, talking to people about them, but we have not really resolved them.

At the same time, we don't -- at some point I suspect we would know, but we also don't feel the immediate pressure of needing a wireless product. We think we have got great products. We think we have great opportunity within our business organically. And the focus is really going to be on executing a lot of things that Jason and I spoke about. But you do not want to have your head in the same sand, and over the next year, three, five, 10 years, will wireless become more important? It certainly could.

In addition, with wireless you have got Wi-Fi, and you have got potential for open networks and obviously things going on in the 700 with certain blocks. And I think that there's a lot of dust up in the air about how we may be able to play in certain areas, and we're continuing to evaluate it. But I think we're very focused on execution and sticking to our knitting and making sure we make that organic growth happen.

Unidentified Audience Member

You've recently launched your TiVo product in the Boston market, and I'm curious how long until you roll that product out nationwide? I'm also curious what your thoughts are on the $3.00 charge today and whether or not consumers have been responsive to that price point?

Michael Angelakis - *Comcast Corporation - CFO*

I got the first part of TiVo. I cannot see where you are. I'm sorry, I didn't not hear your second part of the question.

Unidentified Audience Member

The first part was, how long to go nationwide with the product? The second is the price point and whether you feel consumers have been responsive to the $3.00 up-charge?

Michael Angelakis - *Comcast Corporation - CFO*

I think TiVo is a still a little bit in early stages in New England. I know it has been a bit of fits and starts. We have worked very closely with TiVo. We have a great relationship with TiVo. We think their product is a very good product.

In New England we have launched already in certain parts of New England. We're continuing to launch that as we go. It is a pretty sophisticated effort where it is primarily a software download, and our teams and the TiVo teams are working together. I do not have a date for you on a nationwide launch or so forth, but I can tell you we're continuing to roll it out. The people that have it in New England I think are pretty satisfied with it, and I think that is as much as I can say right now.

Unidentified Audience Member

I have got a couple of questions. First, if you have had a chance to visit the rating agencies recently, do you have any sense about how much room you have on your balance sheet (inaudible) to talk about the importance of keeping investment grade rating, but how much room you might have on your rating agency to increase that?

The second question goes to your earlier comments about discretionary capital expenditures. I was trying to understand a couple of things.

First of all, a sense of proportion in terms of what you think of discretionary CapEx. If we were to look at a 2008 or 2009 overall CapEx budget, what percentage more or less would you expect to be discretionary?

And then you talked I think in general terms about how you define discretionary capital structure. Some of it is a little offense and some of it defense. And one of the -- I don't know if it is a question or comment -- but I always have felt historically when the companies defined mandatory and discretionary CapEx, that some of what was defined is discretionary. It was basically mandatory. In other words, if you all are thinking, let's say, on the defense side that you really have to spend something, that was that the programming thing which sounds discretionary, but if you really have to do that to deal with competition from satellite or telephone, really how discretionary is that CapEx? So a little bit on rating agencies and a little more color on discretionary CapEx if you could.

Michael Angelakis - *Comcast Corporation - CFO*

Yes. I think sometimes in the first quarter we will give more information on how we're looking at those buckets of maintenance of discretionary inner-growth. So it is a little bit of a sea change for us in terms of how we're going to look at that, and we're happy to provide transparency into that.

A general comment is I think maintenance is one where it is going to be recurring in nature. It is what it is, and it is going to be recurring every year, year in, year out. I think discretionary is going to have a certain component where it is non-recurring. In that non-recurring some of it will have very interesting returns, and some of it may not have interesting returns. But I don't think I see those dollars being spent each and every year.

The growth component I think is clearly directly -- has a revenue hook to it; it is clearly revenue-related. And I think you will see us in the latter part -- I mean not in the latter part of this year -- but later this year provide you with more guidance related to those three areas. And I will be completely honest, discretionary can be debated. But we're going to do our best to categorize in the CapEx categories so that you can see them as well. (multiple speakers).

On the balance sheet side, we have said our goal is to stay between 2.5 and 3 times leverage. We have a regular dialogue with the rating agencies, but our goal is to stay somewhere between that 2.5 and 3 times leverage. We are very keyed on keeping our investment grade. Obviously there is a lot of pressure in the credit system right now, and we have a regular dialogue with all three agencies actually.

Unidentified Audience Member

Maybe a follow-up question on the CapEx category. I don't remember what year it was, maybe it was '02 or '03, that the cable industry sort of came together and agreed upon the delineation and to the five or six categories includes by business. Is that going away, or this is a --?

Michael Angelakis - *Comcast Corporation - CFO*

I think you will see us change some of that to be honest with you. I think one category is betterment that our folks came up with during that period of time. I can challenge anybody, what is a betterment? I do not think it is as explanatory and as transparent as it needs to really be. But I think we have an obligation to be as transparent on that.

Obviously there are items related to CapEx where truly I look at it as an investment. So we need to provide transparency into those investments to make sure our shareholders and investors feel comfortable that those dollars are being allocated appropriately. Obviously those dollars could be allocated to a strategic acquisition. They can be allocated to debt reduction. They could be allocated to buy back or dividends like the gentleman mentioned. We have to make the case that it is an intelligent and wise decision to allocate it to towards a reinvestment in our business, which is going to generate long-term profitable growth.

Unidentified Audience Member

In the good old days, say 30 years ago, cable was a very recession-resistant industry because the typical bill was $20, $30 a month maybe. Now the typical bill is $100 or $150 a month, and it is a common thing for people to complain about the size of their cable bill.

Now you have Verizon, we have got others, you know, you're all -- you said, well, we're going to stick to our knitting, but everybody's knitting now includes all kinds of other people's businesses. So in view of how huge people's cable bills are now, how recession-resistant do you think you are really going to be?

Michael Angelakis - *Comcast Corporation - CFO*

Great question. I don't think anybody has the actual answer to that. I think that we think we have great products, and we think those products are clearly in demand. Our voice product is a value-oriented product where people who have stress, financial stress in the household should actually migrate to our product because we think it is economically a better product for that household.

Our HSD product is a premium product. The average ARPU is somewhere around $40. We have introduced this year a lower-speed, lower-priced service primarily as a retention tool because there are households who cannot afford $40 or $42 or $48 a month for high-speed service. And today the alternative is to disconnect that service from us, or it was in '07, and actually go to either a dial-up or a low-priced DSL service.

We do not want to lose that customer, so we are -- we have introduced a lower-priced Comcast economy service for the data side, hoping that people who are under some financial stress won't leave our flagship product but will go to our lower-priced product.

On the video side, there's lots of different price points. I don't disagree. We are generating over $100 of ARPU. I think we did see some softness in the third and fourth quarter as we have articulated. I do think we are still growing pretty dramatically at 13% in '07, and I think we will grow also in '08.

So I don't know the actual impact or how deep a recession will be. But I think that even in some pretty tough markets where we have foreclosures, I mean we have overlaid where there is a lot of foreclosures and economic stress in some of our markets. Clearly we have seen an impact, but the business is still growing.

So we saw yesterday with AT&T on the wireline side and on their data side they are feeling softness too. We will see how deep this recession really is if there is a recession on this economic downturn. But I'm pretty comfortable with our position that we will be able to grow it this year in '08.

Unidentified Audience Member

I have one question maybe on small business. I think it was a year ago when you unveiled or Mr. Roberts unveiled the magnitude of CapEx you claimed to spend on SME and sort of size the opportunity. I think if I am looking at the numbers correctly, some of the SME spending has actually been below plan in the context of a higher aggregate CapEx number.

So sort of two questions here. Will the -- is there any -- is the SME initiative a little bit behind track relative to where you thought it would be a year ago? And then second, when should we actually begin to see the revenue and EBITDA benefit for the SME initiative? Is it '08, or is it 2009, 2010?

Michael Angelakis - *Comcast Corporation - CFO*

Well, I think it is in -- I mean, I think '07 for us in the small and medium-size business effort was a real year of building that business for us. We hired 2100 people. We have put in systems and architecture and customer service methods that are very different from the residential side. We have hired everything from people on the street on the sales side to sales administration to customer service to technical operations. And that has been a year for Bill Stemper and his team who runs that group of really integration and building it. We have seen a steady increase in the growth of that business.

I think I mentioned in the third quarter we did over $100 million of revenue in that business alone. We clearly expect that business to ramp up in '08 and '09. We think there is tremendous opportunity in that business for us. I sit on the monthly meetings there, and our team is very excited about it, and they are putting all the right building blocks in place for us.

It is also a business of incremental investment where yes, we have supported in '07 the build of the operations in terms of the cost structure for that. We have absorbed that. But the business has continually grown, and the CapEx is more success related.

So I'm very bullish on the business. I think '08 is a year of execution and really gaining more momentum, and I think that momentum continues into '09 and '10.

Jason Bazinet - *Citigroup - Analyst*

Any other questions from the audience? I think we have covered it all. Well, thank you very much.

Michael Angelakis - *Comcast Corporation - CFO*

Thank you.
