FINAL TRANSCRIPT

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PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to Comcast's first-quarter 2008 earnings conference call. At this time, all participants are in a listen-only mode. Please note that this conference call is being recorded. I will now turn the call over to Senior Vice President Investor Relations, Ms. Marlene Dooner. Please go ahead, Ms. Dooner.

Marlene Dooner - *Comcast Corporation - IR*

Thank you, operator, and welcome, everyone, to our first-quarter 2008 earnings call. Joining me on the call today are Brian Roberts, Steve Burke, and Michael Angelakis.

Before we start, let me refer everybody to slide number 2, which contains our Safe Harbor disclaimer, and remind you that this conference call may include forward-looking statements subject to certain risks and uncertainties. In addition, in this call we will refer to certain non-GAAP financial measures. Please refer to our press release for the reconciliation of non-GAAP financial measures to GAAP.

Now for opening remarks, I will pass to Brian Roberts for his comments. Brian?

Brian Roberts - *Comcast Corporation - Chairman and CEO*

Thanks, Marlene, and good morning, everyone. I am pleased that we are off to such a good starch to mark the first-quarter results in the beginning of 2008. We made several changes since the end of last year and you will hear great detail from Steve and Mike about them. But taken in total, Comcast delivered healthy growth across almost every metric that includes revenue, operating cash flow, and free cash flow growth.

We also had a very strong quarter for unit additions, particularly in high-speed Internet, where we added 492,000 subscribers, and Comcast Digital Voice, where we added 639,000 new customers in the quarter. In our last earnings call, we laid out financial priorities and we described a number of steps that we were taking to drive performance in a challenging economic and increasingly competitive environment. This first quarter's performance demonstrates that this operating strategy is working and we are confident that our outlook for 2008 is quite achievable.

We are striking the right balance, focused on profitable growth while at the same time continuing to make investments in our network and in our products to improve our customer's experience. We believe this is absolutely critical to customer value proposition of our competitive advantage and the best way to create long-term shareholder value.

In the quarter, we also continued to deliver on our commitment to return capital to shareholders. We invested $1 billion, repurchased 2% of our shares outstanding in the quarter, and on April 30, we made our first dividend payment of $185 million. The combination of strong free cash flow growth and continuing buybacks resulted in free cash flow per share of $0.23, up 64% from last year. Over the last 12 months, we have bought back approximately $3.6 billion of our stock and we are on track to buy back the remaining $5.9 billion under our share repurchase program by year-end '09.

So in the first quarter, we executed strongly against every one of our goals. We remained laser focused on continuing to do that throughout the rest of the year. And with that, let me take you deeper with Mike Angelakis and Steve Burke to cover the numbers and to provide an update on our operations. Mike?

Michael Angelakis - *Comcast Corporation - EVP and CFO*

Thank you, Brian. Please refer to slide 4, which highlights our first-quarter consolidated results. The first-quarter results are in line with our expectations and are driven primarily by strong operational results in our Cable and our Programming segments, as well as the consolidation of the Insight cable system.

The Company's consolidated revenue increased 14% to $8.4 billion. Consolidated operating cash flow grew 15% to $3.2 billion. However, on the apples-to-apples basis, our consolidated pro forma revenue growth was 10.3% and our consolidated pro forma operating cash flow growth was 11.5%. Our reported net income for the first quarter was $732 million or $0.24 per share. Reported results for both this year and last year include gains from the dissolution of our Insight and Texas/Kansas City partnerships. Excluding these gains, our adjusted earnings per share increased 12% to $0.19 per share.

Free cash flow for the quarter increased 59% to $702 million reflecting higher operating cash flow and flat to lower capital expenditures of $1.4 billion. With pro forma Cable revenue growth of 9.8% and pro forma Cable operating cash flow growth of 9.3%, our first-quarter results were consistent with our expectation. A significant portion of the quarter's positive variance in our consolidated results was generated from other segments of particularly programming, which was not only benefited from improved viewership trends, but also from the timing of some marketing and programming expenses.

It is early in the year. The environment is challenging. We are about to head into the seasonally slow period for our business. Nevertheless, we remain comfortable with our full-year guidance and are pleased with our first-quarter results.

Let's review our revenue results in more detail. Please refer to slide 5. Pro forma Cable revenue for the first quarter of '08 increased 9.8%, $7.9 billion. Our growth in the quarter reflects solid unit growth in high-speed data in CDV. Video revenue growth of 5% reflects price increases offset by continued promotional activity and the effect of a larger portion of our subscriber base and bundled plan. In the first quarter of 2008, 18% of our customers are now in the triple-play bundle.

High-speed data revenue grew 12% in the quarter, reflecting strong unit additions and stable ARPU on a sequential basis. Phone revenue increased 65%, reflecting strong unit growth; however, phone revenue would have increased 110%. We excluded the decline from our circuit switched business. With 66,000 circuit subscribers remaining, we expect to be essentially out of that business by the end of the second quarter.

We are also starting to see traction in business services with first-quarter '08 revenue of $120 million, up 37% versus last year. Steve will spend more time discussing each of the products later in the call.

Cable advertising revenue increased 6% in the quarter; however, there was an additional week in this quarter's results as well as an increase in political dollars. If you adjust for the additional week and exclude political, revenue would have decreased approximately 5% for the quarter, highlighting the fact that this business continues to feel the impact of a softer economy particularly in the auto and housing related categories.

The Programming division continues to show strong momentum as revenue increased 20% to $363 million in the first quarter due to higher viewership, higher distribution revenue, and higher advertising, which also included an additional week. Comcast interactive media, which falls into the corporate and other category, also saw strong revenue growth this quarter particularly driven by the Fandango acquisition, but also a result of increased revenue from search and display advertising.

Please refer to slide 6. The Company's consolidated pro forma operating cash flow increased to $3.2 billion, an increase of 11.5% for the quarter. Pro forma operating cash flow for the cable division increased a healthy 9.3% to $3.1 billion, which was slightly less than the 9.8% growth reported on the top line. Therefore, our first-quarter '08 Cable operating cash flow margin modestly decreased to 39.7% from 39.9%. The principal drivers of this slight margin contraction were our anticipated increase in marketing. Given the solid results in our unit growth, we would expect to continue to invest in marketing throughout the year.

Another area is our continued investment in business services, which also negatively impacted margins this quarter. Total business services expenses nearly doubled this quarter, driven by an increase in headcount and an acceleration in marketing for this recently launched service.

We are also investing more to improve the overall customer experience, including both in customer service and in our technical operations. Despite these increases, we continue to see benefits of our scale on the cost side of our business. For example, we are extracting operating efficiencies in our CDV cost structure and our direct cost per subscriber continues to decline. While we are still operating in a challenging economic and competitive environment, we believe several operating strategies we implemented are beginning to yield positive results.

For example, we saw a marked improvement in bad debt expense particularly compared to the third and fourth quarters of last year driven by higher use of credit screening and behavioral scoring. Bad debt as a percentage of revenue was roughly the same level in this quarter as it was in the first quarter of last year. We are also experiencing some improvements in churn and while churn across most of our products is still slightly higher than year-ago levels, our strategy is working, resulting in sequential improvements on the second half of 2007.

As I mentioned, our Programming division was a meaningful contributor to this quarter's consolidated operating cash flow growth as the Programming division's OCF increased 76% from $65 million in the first quarter of '07 to $113 million this quarter. In addition to strong Programming revenue growth, Programming operating cash flow also benefited from a delay in some marketing spend as the timing of several new programming launches are now scheduled for later in the year.

We continue to be very pleased with the program divisions continued growth, however, this was a particularly strong quarter and though we expect the Programming division results to remain strong, we would not expect this level of growth to continue throughout the year.

Please refer to slide 7. As you can see, we are building on the increased disclosure for capital expenditures that we provided in our fourth-quarter earnings presentation. In both this slide and the press release, we have taken historical capital expenditure categories and allocated them into either growth, maintenance, or discretionary areas. As I discussed last quarter, we believe this better reflects how we manage our capital allocation.

Total capital expenditures for the quarter were $1.4 billion, down approximately 4% compared to pro forma capital expenditures of $1.5 billion for the first quarter of '07. Consolidated CapEx as a percentage of revenue decreased this quarter 17.1% from the 19.6% in the first quarter of '07. The timing of CapEx will vary from quarter to quarter and as such, we remain comfortable with our full-year guidance for CapEx as a percentage of revenue declining to approximately 18% for 2008 from the 20% in 2007.

Consistent with historical trends and our expectations, Cable capital expenditures continue to be predominately growth oriented when directly tied to revenue generation. During the quarter, we added approximately 900,000 digital set-top boxes, approximately 75% which were for advanced digital services such as high-def and/or DVRs. The total number of boxes deployed in this quarter was slightly lower than last year.

Please remember in the first half of last year particularly in the second quarter, we were accelerating our deployment of digital boxes ahead of the July 1, 2007 regulatory deadline. However, capital spent on CPE increased by approximately $50 million this quarter, reflecting an increase in the average cost per set-top box into the higher cost of cable cards and separable securities. In addition, we added 639,000 CDV customers during the same timeframe, CDV-related equipment being the second most expensive component of CDV.

Please refer to slide 8. Given the continued growth in our operating cash flow and the stable allocation of our capital expenditures, we generated strong free cash flow of $702 million this quarter, an increase of 59% over last year. On a per-share basis, we generated $0.23 of free cash flow in the quarter, an increase of 64% over last year. In fact, our free cash flow would have been $100 million higher except for a one-time payment for long-term programming rights, which for accounting purposes impacted free cash flow but had a de minimis impact on operating cash flow. Free cash flow generation is clearly a priority for the Company and we are on track to achieve our full year target of at least 20% growth in free cash flow this year.

As we mentioned many times, we also remain committed to continuing to return capital to shareholders through a combination of share repurchases and our newly established dividends. In the first quarter, we repurchased $1 billion of our stock, reducing our shares outstanding by nearly 2%. This equates to the Company returning 142% of free cash flow to shareholders in the first quarter.

Over the last 12 months, we repurchased approximately $3.6 billion of our stock, reducing shares by more than 5% and returning 137% of our free cash flow to shareholders. Additionally, we paid a quarterly dividend on April 30 totaling $185 million or $0.0625 per share.

As of March 31, we had $5.9 billion remaining in our current stock repurchase plan with a goal of completing this program by the end of next year. When you factor in the buyback in the dividend commitments, our return of capital targets equate to over $8.4 billion by the end of 2009 for a total of $16.4 billion from 2005 through 2009. At the same time remain focused on maintaining our investment-grade rating as our financial strength is a critical asset in these difficult credit and competitive markets.

So while we are pleased with our first-quarter results, it is still early in the year and we are about to enter the traditionally slower period. Nevertheless, we remain confident about our full-year guidance as we believe our targets are realistic and achievable.

Now let me pass the call to Steve.

Steve Burke - *Comcast Corporation - COO*

Thanks, Mike. Zeroing in on the cable business, we are pleased with our results in the first quarter. I think it was a solid quarter and a very good start to 2008. We made a number of adjustments in our business plan at the end of 2007 and the good news is they are working. We've moved to a more aggressive marketing plan, we have new packaging with double and single play offers. We're targeting by geography and competitor more than we were before. We have improved our credit and collections procedures.

As the continue to execute on this plan, we are also working to ensure success beyond 2008. As slide 10 shows, our business plan contemplates investing in a number of initiatives to extend our competitive advantage. First is bandwidth reclamation which for us primarily means converting to an all-digital platform. The idea is to capture over 40 analog channels and use that capacity for more high-def, local channels, and faster Internet speed. We are beginning this reclamation process this year. We should start to take all-digital migration in about 20% of our systems by the end of this year.

Our primary near-term capacity tool is this all-digital conversion, but we're still testing switch digital and believe it will play a significant role in our future. We are increasing our VOD capacity as well and should have 1000 high-def choices in most systems by the end of this year and eventually we will roll out Project Infinity, which is our code word for having a massive amount of video stored in our VOD servers.

As we recapture bandwidth, we will roll out DOCSIS 3.0, which is our way of increasing high-speed data speeds up to 100 meg. We have launched this wideband product in the Twin Cities and plan to launch in about 20% of the country during this year. We think this is very important because about two-thirds of our net adds during the first quarter came from DSL. We think with wideband and DOCSIS 3.0 we have an opportunity to gain share with this increased speed.

We are continuing to invest in the commercial business and this investment is starting to pay off. As Mike mentioned, our revenue increased 37% in commercial services in the first quarter. We are also very optimistic about the future of interactive advertising and launched a venture with the other MSOs to exploit this opportunity on an industrywide basis.

Moving to the units in slide 11, in the first quarter we lost 57,000 basic subscribers and gained 494,000 digital subscribers. Video revenue grew about 5% during the quarter. Our basic subscriber performance varied significantly by geographic area with many regions posting gains, some in particularly competitive areas posting loss. Our digital penetration hit 65% in this quarter, so we are well positioned to start to take more markets all-digital. 450,000 of our digital subscribers added advanced services quarter, either high-def or DVR. We generate good returns on these services.

As a final point on video, in addition to recapturing bandwidth, we also think that as the country moves to all-digital in terms of the broadcast business, this could create a real opportunity for us to gain new customers. There are over 8 million people in our footprint that don't have cable or satellite and receive their broadcast signals over the air. Many of these people have analog sets and they are going to need to do something. We think we provide a very efficient and attractive option for these people.

Moving onto high-speed data in slide 12, we had a very strong quarter with 492,000 net adds. Our high-speed data penetration is now over 28% and this business and keeps growing nicely. Our DSL conversion rate continues to grow as well. 68% of our new high-speed data customers this quarter came from DSL, up from 55% in the first quarter of 2007. Our new double-play and economy packages are working well. The economy tier is making the phones ring and two out of three callers take our flagship service when they call about our economy product.

We are also seeing real traction with our higher speed blast service. In fact, more people take blast than economy. We think we're getting the mix of our high-speed data service right.

Looking ahead, we think there is plenty of growth left in our high-speed data business. We're particularly excited about DOCSIS 3.0 and the ability to shift share from DSL and we have speeds that are 5 to 10 times faster than competition.

As the next slide shows, we had another strong quarter for our telephone business. We are now the number four phone company in the country and have over 5 million customers, which is a great result considering that we really launched this business just nine quarters ago. Our penetration is now 11.5% and as this graph shows, we have consistently added over one penetration point per quarter for our phone business. Obviously if we keep this ups, we should be over 20% penetration in the next couple of years.

As this business grows, we are making good progress taking costs out of the business. As Mike mentioned, our direct costs are declining. In fact, they declined 40% during the quarter versus the quarter a year ago, and we think there is room for further efficiency. Today about 18% of our total video customers now take all three of our products, which is double the 9% that were triple play customers last year at this time. Later this year we have some exciting new product enhancements for our phone service. We think the momentum on this business should continue for some time to come.

Moving to slide 14, as we've grown each of our businesses and added new features, our ARPU has increased from $87 in the first quarter of '06 to $107 in the first quarter of '08.

To sum up, we are off to a strong start in 2008. The adjustments we made to reflect the challenging environment seem to be working well. We are focused on balanced growth, increasing RGUs, and also generating good increases in OCF and free cash flow. Our results for the first quarter make us confident that our full-year targets are both realistic and achievable.

With that, let me pass back to Marlene for some questions.

Marlene Dooner - *Comcast Corporation - IR*

Thanks, Steve. Operator, please provide us with the instructions for Q&A.

QUESTIONS AND ANSWERS

Operator

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

Jessica Reif-Cohen - *Merrill Lynch - Analyst*

Thank you, fantastic quarter. I have two questions. One, could you be a little bit more specific about how much you have changed your marketing dollars and what your plans are for the rest of the year and what the message is? So just a little bit more on marketing.

Second, Mike, could you just talk a little bit about your target leverage and what you might do with excess financial capacity, whether it is acquisitions or areas of investment?

Brian Roberts - *Comcast Corporation - Chairman and CEO*

Why don't I start, Jessica. Marketing was about 20% in the first quarter and we have a variety of messages going out. We have a campaigned called More More More, which really highlights the fact that we have a lot more high-def programming that people really want on our VOD servers. We are also doing a superiority message called the Slowskys on high-speed data. And increasingly we're doing double and single play promotional offers. So it is really a mix of all three, but we're spending about 20% more than last year.

Michael Angelakis - *Comcast Corporation - EVP and CFO*

I will take the second part, Jessica. I think we've said numerous times our target leverage is really between 2.5 and 3 times. We really want to maintain our investment-grade ratings and when you look at sort of this year and next year and the commitments we've made regarding the dividend and the buyback, we will be a net borrower just in terms of the dividend and the buyback, which we think is pretty aggressive. So any additional investment we make we will still have to add on in terms of borrowings. But our target leverage has been -- we're maintaining that 2.5 to 3 times level.

Jessica Reif-Cohen - *Merrill Lynch - Analyst*

Thank you.

Operator

Benjamin Swinburne, Morgan Stanley.

Benjamin Swinburne - *Morgan Stanley - Analyst*

Good morning, guys. If I could ask two on -- Steve, as you move towards all-digital or starting to roll out all-digital toward the end of this year, could you talk about the set-top box plans, what you think relative to the current separable security? I think it's $100, $125 set-top. What do you plan to go to market with on the front? And any update in terms of the timing at when that might be ready?

Then a little more on the double-play. I would be curious how much of your footprint are you out there marketing that product? What is the success level in terms of upselling people to sort of higher tiers as you roll that out?

Steve Burke - *Comcast Corporation - COO*

Well let me start with the second question first. In terms of the double-play, that is essentially everywhere and it varies by market in terms of how it's expressed and how heavily as a percentage of the total marketing mix the double-play represents. But it is pretty much everywhere and roughly half the time when someone calls in for a double-play, we get that person to buy up and buy more than just the offer that is being advertised, which we think is a good percentage.

In terms of the all-digital plan, it will be a mix of existing boxes and then starting in the fourth quarter, a reliance on something that we are calling the DTA, which is a digital to analog box, a very simple, inexpensive box that costs less than half of what our low-end boxes have traditionally cost. And we will be rolling that out pretty aggressively in the fourth quarter. What we said is we're going to begin the rollout in 20% of our markets during 2009 and -- 2008, and then do a lot more markets in 2009.

Operator

Craig Moffett, Sanford Bernstein.

Craig Moffett - *Sanford Bernstein - Analyst*

A question for Steve, if I could. Steve, you're taking about 11 times as many phone subscribers right now as you lost video subscribers. About 9 times as many broadband subscribers. Both of those are much higher margin businesses than video. I know you are reinvesting in commercial, but can you talk about where you think the margins in this business might go over the longer-term as the commercial business starts to sort of equilibrate with its longer-term margin trends and the marketing has sort of reached its steady-state for you?

Steve Burke - *Comcast Corporation - COO*

Well, that is the way we look at it in terms of the amount of phone customers versus video. Obviously we would like to gain video customers every quarter. I think with the competitive situation being what it is, that is not going to happen, or at least not likely to happen unless some extraneous event occurs like the country's digital transition in February of next year. But to us, if we lose 57,000 basic subscribers and gain 630,000 phone subscribers or 490,000 high-speed data subscribers, that is a pretty good trade-off.

I think there is no question the broadband business has a higher margin. I think if you fully load up phone you could argue at this point in time whether that is higher or lower margin than video. But the real answer on margins I think is that there are so many things going on in the marketplace right now. We mentioned we are increasing our marketing spend. We're doing new kinds of promotional offers. We're trying to react to different type of competitive factors. Therefore, we don't really see or at least I don't really see a major expansion in margin even though we may be getting into some businesses that have higher margin prospects.

I do think there is a pretty good chance our margin for this year will end up being higher than our margin was in the first quarter. That's the typical pattern. That happened last year. That happens most years in a cable business. But the notion that because we're getting in the higher margin businesses, the overall blended margin of the Company is going to grow dramatically, I don't think that is likely to occur.

Brian Roberts - *Comcast Corporation - Chairman and CEO*

This is Brian. Let me just add one other point. The way we are -- that I take your point on the tremendous disparity between wins and losses in terms of units, I look at it another way. Rather than focusing on margin, I think you should look at how we're delivering multiple products and that we have been able to diversify the revenue stream.

So this is not about basic video anymore. The real goals as we put the marketing plans together back to the first question about how we're looking at marketing, how we adjusted from the second half of last year to the beginning of this year, that is what has been able to take ARPU from $96 per average customer up to $107 in the last 12 months. And I view that as a pretty bullish statistic to be looking at in terms of your future prospects.

Operator

John Hodulik, UBS.

John Hodulik - *UBS - Analyst*

Thanks, good morning. It looks like you guys took some real slow share on the broadband side. Can you talk about what the drivers were behind that? Was it the marketing spend do you think or what kind of contribution did you get from the double-play? Also are there any sort of early insights into the DOCSIS 3.0 rollout in Minneapolis?

Brian Roberts - *Comcast Corporation - Chairman and CEO*

In terms of DOCSIS 3.0 in Minneapolis, I think it is really too early to tell. We're still at the stage where we're making sure that the technical side is working and we're not as aggressive as we could be with that product. In terms of high-speed in net adds, I think it was a lot of different things. The first thing that really struck me is the fact that 67%, 68% of our net adds came from DSL. And that number is up from last year and that number continues to climb.

So what you're seeing I think is a number of people go from dial-up to DSL on a one-year or a two-year basis, promotional basis, and get frustrated with the fact that speeds are slower than cable and then come to cable. So that is the overarching good trend and we want to put our foot on the accelerator and accelerate that trend with DOCSIS 3.0.

The second thing is we launched this economy tier which allows us now to compete and have a price in the market that is much closer to DSL traditional pricing. That is working really well and what's happening there is that we are getting -- the phones are ringing and again it is very similar to the double-play going to triple-play. The phones ring and half or two-thirds of the time you can get the person who is calling to go into a higher level package. So the economy tier I think is doing its job well.

Interestingly, we have a product called Blast, which is a faster product than our flagship and Blast subscriptions are dramatically outpacing Economy. So we think we have the right trade-off there. The final thing is marketing. We're doing more single product messaging with the Slowsky turtles about high-speed data than we were a year ago. So all of those factors I think are what caused our high-speed data number to be higher than I think most people thought it would be.

Operator

Bryan Kraft, Credit Suisse.

Bryan Kraft - *Credit Suisse - Analyst*

Thanks. Can you talk specifically about the customer service and field initiatives you've implemented over the last couple of quarters? What impact that they've had on some of the key metrics that you use to measure performance in those functions? And just following on that, can you also talk about how much of your call center resources are onshore versus offshore and if you think there is an opportunity to improve service and/or reduce cost by increasing the offshore part of that mix? Thank you.

Brian Roberts - *Comcast Corporation - Chairman and CEO*

Let me just start with one of our priorities we laid out at the beginning of the year was to begin an overall program to improve the customer experience. It is not just where the calls are answered or answering calls, because actually I think we're doing pretty well making progress on that part. It is network reliability. It is the end-to-end experience to customer, each individual customer gets and what individual service they get and their feeling about that.

It also has a lot to do with the work volumes, because we added 15,000 employees in the last 12 months or so or 18 months and getting the training and getting people settled in. I think we've made some good progress. It is early in the year. I think just all of statistics that we review constantly are all -- and the network engineering team is doing a great job. We've made lots of changes and improvements to our own internal way of operating. There's a lot of detail behind that. We, as you know, do something in excess of 300 million phone transactions a year and truck rolls and everything else.

I think we are very focused on this and I am pleased at a big picture level that it is beginning to take hold. Part of it is simply having ramped up from, as Steve said, 5 million phone customers from a standing start in a little over 2.5, 3 years. That created a lot of work and now we have caught up to ourselves. We still are adding a lot of units, but the machine is I think functioning quite well.

Steve Burke - *Comcast Corporation - COO*

Just to add, some of metrics we look at in terms of reliability and service are getting much better and node health, which is the percentage of nodes which are healthy, node health is much better. Our contact rate, the number of our customers that contact us on a monthly or a quarterly or annual basis is starting to come down. It had been climbing as we launched the phone business and then churn on a sequential basis is down for all of our products.

So those are the type of things I think that's put facts behind all of the good initiatives and the good efforts that we're making to improve reliability.

Operator

Spencer Wang, Bear Stearns.

Spencer Wang - *Bear Stearns - Analyst*

Thanks, good morning. Just two quick questions. The first is commercial CapEx I think roughly doubled year-over-year in the first quarter. Is that roughly the right rate of growth we should expect for the balance of the year? And, Mike, a question for you. I think you alluded to a $100 million programming investment that impacted free cash flow in the quarter but did not hit the P&L. Can you just give us a little bit more color on what that was? Thanks.

Michael Angelakis - *Comcast Corporation - EVP and CFO*

Sure, I would take both of those, Spencer. Thanks. On the commercial CapEx, I think where we are in the first quarter is a good indication of what each quarter will look like. Clearly CapEx will have some lumpiness and variation, but I think it is a good indication.

With regards to free cash flow, sort of an accounting aspect, we paid $100 million for a very long-term programming rights transaction. Our free cash flow definition actually has that $100 million negatively impacting free cash flow for this quarter, where really that rights deal is amortized over the long period, which is 25 years. So it is a bit of a one-time hit and I just thought it was important that folks recognize that free cash flow, though, performed well on a little bit of an apples-to-apples basis, performed even a little bit better.

Operator

Tuna Amobi, Standard & Poor's.

Tuna Amobi - *Sandard & Poor's - Analyst*

Thank you so much for taking the my question. I guess my first question is on the wideband rollout. I think Steve mentioned the Twin Cities. I wanted to get a sense of what the trends there are, the kind of business plan that you have for the wider rollout of wideband? And what kind of economics that we can expect from that product as you roll it out?

Separately also on Project Infinity, my presumption is that the majority of initiative there is going to be on addressable advertisement. So I wanted to get a little bit more sense of how you can quantify that upside? And related to that, are you planning any e-commerce initiatives around that Project Infinity as you continue to ramp that up? Where do you see the opportunity for e-commerce on that platform going in addition to the advertising component? Thank you.

Steve Burke - *Comcast Corporation - COO*

Okay, on the DOCSIS 3.0 rollout, it is too early to really tell what is going on in the Twin Cities. We are very optimistic that DOCSIS 3.0 and the ability to offer 50 meg or even more in terms of speeds is really going to be a very big competitive advantage for the whole cable industry, but Comcast in particular.

Our plan is to roll DOCSIS 3.0 or equipped systems for DOCSIS 3.0 in about 25 -- 10% of the company. It might be a little bit higher and the economics of the DOCSIS 3.0 are very attractive because actually the equipment, the CMTS equipment in the head ends for a certain amount of capacity is less expensive than the existing equipment. So to the degree that you're rolling out capacity, DOCSIS 3.0 capable equipment is really a very good investment.

Then the customer premises equipment, the EMTAs and cable modems, will cost a little bit more in the beginning, but it is not a big number. And what really is important to us is the ability to get hundreds of thousands of more customers from DSL because we are going to have those speeds.

Brian Roberts - *Comcast Corporation - Chairman and CEO*

On Project Infinity, we really have two projects, and you might be linking them a little bit. One is interactive advertising, e-commerce -- we call that Project Canoe, so we have a lot of names. And Project Infinity is really designed to say taking that new wideband platform that you asked about, Steve just described, coupled with the storage costs and server capacities and all that coming down over the next couple years, are we going to be in a position to be able to credibly make the claim that you can go anywhere, any video you want on your television set or your PC, the best way to get it is through Comcast.

So product superiority I think is something that we have to maintain, something that we have as of now, and that is why I think we had the kind of quarter we had. I think that is part of the marketing answer. And I think as we create those platforms and people begin to interact more and more with their television, as they now do with their PC, it puts us in a position to deliver an advertising platform and an e-commerce platform that across the industry, not just Comcast that will allow for targeted ads.

The work that we're doing on the infrastructure side, getting the industry banded together, getting to 1000 high-def choices, adding VOD server capacity, standardizing the platform, all that is in the CapEx numbers that you're seeing and in the plumbing side of the business, and I think in my opening remarks, it is that duality of here and now -- what are the results, coupled with how do we stay focused on product superiority?

Operator

Ingrid Chung, Goldman Sachs.

Ingrid Chung - *Goldman Sachs - Analyst*

Thank you, so a couple of quick questions. The first on your wireless strategy. I think there was some speculation in the press that there was a potential JV between Sprint, Clearwire and the cable companies. It seems that an announcement has been somewhat delayed. I was wondering what kind of hurdles there would be to that sort of JV and is that indeed your wireless strategy?

Then secondly on day and date, Time Warner said yesterday that they are very excited about rolling out Warner Bros. content day and date VOD with DVD. I was wondering if you're going to be rolling that out nationwide and if you've seen other studios do the same thing?

Brian Roberts - *Comcast Corporation - Chairman and CEO*

Okay, on wireless there is really not much that we can say on any market speculation, but what I think we can say is that really our focus has not changed. We have consistently said that we don't believe we have a competitive disadvantage today in the cellphone business and the text messaging business that really our focus is down the road should we and will we be wanting to be in a position that we can extend services outside of the home, create new features that integrate, that are compelling to this consumer.

To that end, we have hired some folks to help us in our wireless thinking and navigating through the variety of options that we can continually get thrown our way, but that we're going to be very disciplined and capital efficient, try to come up with structures if we do something that will make a lot of sense. Beyond that, I don't think there is much we can say.

Steve Burke - *Comcast Corporation - COO*

So on day and date, we have been having day and date with the majority of studios in three of our markets representing somewhere around 10% of our company for the last 18 months or so, maybe two years. We think the Warner Bros. move is really a smart one for Warner Bros. and it is completely supported by the research that we've done in terms of what happens in a market when a studio releases films on a day and date basis. It is net accretive to the profitability of that film's windowing. And we are hoping other studios follow.

I think there are a number of studios taking a wait-and-see approach, but it really makes sense I think to give people what they want when they want it. So there is an inevitability in the air in terms of day and date and we're really happy Warner Bros. took the step they did.

Operator

Vijay Jayant, Lehman Brothers.

Vijay Jayant - *Lehman Brothers - Analyst*

I have two. First, for Steve. Can you just talk about the philosophy on this new DTA strategy? From what I have read it seems that while it is a low-cost solution and maybe a good way to digitize networks, there's limitations on the ability to upsell given I think it is a one-way component. So could you talk about how that sort of fits into your broader way of improving efficiency on the network?

And a quick question for Mike, very quickly on this government stimulus package, you mentions something in the press release. Was there any benefit in the quarter or is there something coming further to '08? Thanks so much.

Steve Burke - *Comcast Corporation - COO*

So on the DTA philosophy, I think it's important to remember that we are over 65% digital with two-way boxes today and that number, the 65, is going to go up. So when we start taking markets to all-digital, we will be call it 70% in most markets and then of the remaining 30, there is a portion of those people who have lifeline service and those people are not going to get any digital coverage because the channels that we will be reclaiming they don't receive.

So the percentage of people that we are talking about because we and everybody else in the industry have put so many boxes out has gotten fairly small. In many of the remaining homes, we are going to put two-way boxes into those homes if we believe for a variety of reasons that makes sense. But the D-to-A boxes to get the costs down, you are correct, those are one-way boxes. They have no guide. They have no ability to access VOD, but we think they are perfect for additional outlets for someone's third television set in the kitchen.

We also think they are perfect for someone who says, look, I just want my television channels. I really don't want VOD. I really don't want to subscribe to HBO or Stars or Showtime, so for cost reasons for many customers, we think those D-to-A devices make sense.

Michael Angelakis - *Comcast Corporation - EVP and CFO*

Let me take the second part, Vijay, with regard to the stimulus package. There is absolutely no impact in the stimulus package in the first quarter. We will begin to see an impact in the second quarter and the rest of the year as really the stimulus package allows us to reduce cash taxes. What we're going to do next quarter and beyond is articulate exactly what that impact is so that number one, you can see the transparency of the stimulus package as well as we're keeping our free cash flow definition on an apples-to-apples basis. So we will begin to show that next quarter.

Marlene Dooner - *Comcast Corporation - IR*

Operator, we will make this our last question, please.

Operator

Jonathan Chaplin, JPMorgan.

Jonathan Chaplin - *JPMorgan - Analyst*

Thank you, I'm wondering if you could give us a quick comment on what you are seeing in Pay-TV category from a subscriber perspective? So we saw very strong subscriber adds from the Bells. We saw growth in basic from Time Warner Cable yesterday. Actually a better-than-expected basic trends from you guys this morning. Is it because you are marketing more effectively against satellite or is there an improvement in growth in the overall category? Any color on that would be helpful, thanks.

Steve Burke - *Comcast Corporation - COO*

I think with the housing market the way is it, it is in my opinion unlikely that the overall pay market is increasing. I don't know. There might be people who would differ with that opinion, but that would be my sense. I do think what is happening, and I can really only speak for Comcast, is that when the economy started to weaken, we had a number of variables in our business three or six months ago that we have now made adjustments to address. So credit and collections we're doing differently, more flexibly than we were. This is a very price sensitive time I think in the pay television business and you've got to be very careful how you manage that, manage your offers.

Increased marketing I think is important when you have competitors that are marketing, so really I look at the trends that improved for us this quarter as being a result of the adjustments we made three or six months ago. The good news is when you make 10 adjustments to a business and nine or 10 of them work, and you see that in the marketplace, it makes you confident that you got it right, and that is we feel now.

Brian Roberts - *Comcast Corporation - Chairman and CEO*

I just want to conclude by saying I think we are off to a solid start. We will continue to stay focused on getting that balance right that Steve just talked about and the question implies which is how much on video? How much on other products? We've been spending a lot of time on product superiority. I think that's taking hold. More operating efficiencies and returning capital to shareholders. So we will talk to you soon. Marlene, thank you for a good call.

Marlene Dooner - *Comcast Corporation - IR*

Thank you all for joining us this morning.

Operator

Thank you for participating in Comcast's first-quarter 2008 earnings conference call. There will be a replay available of today's call starting at 11:30 AM Eastern Standard time. It will run through Monday, May 5 at Midnight Eastern Standard time. The dial in number is 800-642-1687 and the conference ID number is 39992756. A recording of the conference call will also be available on the Company's website beginning at 12:30 PM today.

This concludes today's teleconference. Thank you for participating. You may all disconnect.
