FINAL TRANSCRIPT

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PRESENTATION

Operator

Good morning, ladies and gentlemen and welcome to Comcast's fourth-quarter, full-year 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 - SVP, IR*

Thank you, operator and welcome, everyone, to our fourth-quarter and year-end 2008 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 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 8-K for the reconciliation of non-GAAP financial measures to GAAP.

Let me also highlight some changes in format both in our press release, as well as in today's call. First, we have simplified the format for the earnings release. In addition, we are also providing new trending schedules for the last eight quarters that include all the customer and capital expenditure information previously found in exhibits to our earnings release. The new trending schedules also provide new disclosure on expenses, including programming, direct costs for high-speed Internet and CDV and also detail certain shared cable expenses, such as marketing, technical labor and customer service. We hope these are helpful changes and I encourage you to give feedback to me or to other members of the IR team after the call. With that, let me now turn the call to Brian Roberts for his comments. Brian?

Brian Roberts - *Comcast Corporation - Chairman & CEO*

Thanks, Marlene and good morning, everyone. Today, we are pleased to report that we have met or exceeded all of our financial targets for 2008 and that despite, obviously, a very difficult economic environment, maybe the toughest we have known in business.

In 2008, consolidated revenue grew 8% and cash flow grew by 8.5%. Total capital spending of $5.7 billion represented less than 17% of revenue, reflecting slower growth in the rate of new customer additions, but also and primarily a real discipline and focus on our free cash flow generation. So as a result, we have generated $3.7 billion in free cash flow for a growth rate of 56% in 2008 and this strong level of free cash flow growth does not incorporate any of the tax benefits associated with the 2008 economic stimulus package. If we had included those benefits, our free cash flow growth rate would have been 82%. That is the power of our business. We are producing significant free cash flow and as we look to 2009, we see that trend continuing.

From an operating standpoint, the combination of a weakening economy and increasing competition, primarily in video, translated into slower growth in net new customer additions, as well as a tougher advertising environment, particularly in the fourth quarter. However, for the year, we still added 4 million RGUs at the same time new growth areas like business services saw increasing momentum this year and we expect higher penetration to digital, high-speed Internet and digital voice and a strong momentum in Business Services to continue into 2009.

Our results reflect an effective execution by our operating team. They really anticipated the slowdown, I believe, quite well and adjusted early to this rapidly changing environment and fine-tuned our strategy both to deliver results and to get us ready with new innovative products.

First, we are intensely focused on operating expenses. In 2008, we reduced headcount and other costs even while we invested in marketing and customer service initiatives and the start-up business like Comcast Business Services. Mike will detail more about some of the cost initiatives the Company had in 2008.

Second, we made successful changes to our product offerings and our operating strategy, expanding offers to consumers that included economy products for the first time. But we are also offering new HD triple play packages, including higher speed Internet and more HD On Demand that set us apart from our competitors. This broad range of products addresses what customers want most. On the one hand, high def and the fastest speeds on the Internet; on the other hand, lots of choice, but a very compelling value. We think we can do all of that.

Last year, I highlighted as one of our key priorities in the beginning of the year to improve the customer experience. And we defined that customer experience as end-to-end great products delivered reliably and serviced well. Well, I think we made real progress in 2008. We have invested in training and tech tools and improved our network's reliability. Network reliability, for instance, as measured by node health, is now above 90% and has improved 35% in the last two years as a for instance.

As a result, contact rates by our customers to us decreased 4.4% in 2008. Trouble call rates are down across the board 6.4% and repeat trouble calls, which is a critical metric, are also lower by 6.5% and our customer satisfaction is improving. We have a lot of work to do, but this focus and commitment to this task is still important and with many technical projects underway and some of them behind us and new service initiatives continuing in '09, I am confident that we are going to continue to make progress on the entire customer experience.

We also have always believed that product differentiation and innovation are central to this customer experience and to our competitive positioning and advantage that we have against the Bells and against satellite and against all of our various competitors.

Now we've started to deploy are all-digital initiative in a number of markets and we have already deployed wideband to some 30% of our footprint. We are offering new features and now available to up to 10 million of our customer homes like caller ID to the television set. We have upgraded more than 90% of our high-speed Internet customers to SmartZone and we are offering any room On Demand to 95% of the homes we pass.

As we expand this all-digital initiative, DOCSIS 3.0 and other bandwidth reclamation, by 2009 and into 2010, we will recapture much of our analog bandwidth. And at that point, we are then able to offer customers even more innovation with high def channels, more On Demand with Project Infinity, more foreign language programming and even faster Internet speeds as products continue to evolve that our customers want.

Now at the same time, we are maintaining our financial discipline and one of the things that I think separates Comcast from many is that we don't have to access the capital markets to maintain where we are at. During the fourth quarter, we used our free cash flow to pay down existing debt. We believe this is a very appropriate use of capital in these uncertain economic and capital market moments. We are pleased that Moody's is considering upgrading our credit ratings, citing among other metrics our financial flexibility and strong free cash flow generation.

Today, we are announcing that our annual dividend will be increasing by 8% to $0.27 per share, underlying our continued confidence in the free cash flow generation capacity of our business and our objective to continue to return capital to shareholders as the business grows.

So this allows us to begin in a strong place the conversation of where are we headed in 2009. And as we begin 2009, our goal is to continue to have profitable growth. The diversity of our revenue streams and the subscription nature of our products are truly the key foundations for what makes Comcast Comcast. I think many companies out there would like to have the kind of subscription nature and the diversified revenue streams that we today enjoy.

Now we expect capital expenditures to decline in 2009 both in absolute dollars and as a percentage of revenue, even as we take the opportunity to make the investments that I described in the all-digital and the DOCSIS 3.0 transitions. We believe these investments put us in a strong position for when the economy recovers and supports the long-term growth and competitive positioning of the Company.

We all agree with this at Comcast management that the strategy is real simple. We are a company that is going to deliver you the best products and with constant innovation and these best products in video would be On Demand, the most high definition, so there is no question if a consumer wants the best, they are going to buy from Comcast. We want to have the fastest high-speed Internet and that is what we are now working on and we want to have the best value and cross platform features with our all-digital voice products. So we think we have a great roadmap in 2009 and beyond for the next 12 to 24 months, starting now in many of our markets as we roll out these enhanced products.

It is hard not to sit back at this moment in time and see uncertainty in the economy and just nervousness and gridlock with consumers and what is happening in the country. But I can't think of a better place that I would want to work than where Comcast is right now. We have a strong financial position, we have made adjustments to anticipate the slower growth, we are proactively managing our expenses and I think our free cash flow is going to continue to help us grow and build shareholder value for years to come. Mike?

Michael Angelakis - *Comcast Corporation - CFO*

Thank you, Brian. Let me begin by briefly reviewing our consolidated results starting on slide 5. As Marlene mentioned, there is more detail in our 8-K and on our website. Overall, the Company met its financial objectives and performed well in an extraordinarily difficult environment. For the full year, consolidated revenue increased 11% to $34.3 billion and operating cash flow grew 11% to $13.1 billion. On a pro forma basis for 2008, which is reflected on slide 5, consolidated revenue increased 8% and our operating cash flow growth was 8.5%. Our pro-forma operating cash flow included the incurrence of $165 million of severance and hurricane-related charges, which I will detail later.

As I have mentioned before, in addition to revenue and operating cash flow results, 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 businesses. In each of those key metrics, our performance in 2008 was very strong. We generated consolidated free cash flow of $3.7 billion, an increase of 56% versus 2007, reflecting growth in consolidated operating cash flow, as well as reduced CapEx.

To be clear, we are trying to provide a consistent comparison with prior years and the $3.7 billion of free cash flow specifically excludes the $600 million benefit the Company received with regards to the 2008 economic stimulus package. In addition, free cash flow per share increased 65% to $1.24 per share and we reported adjusted EPS of $0.91 per share, up 23% from 2007. Our adjusted EPS reflects a number of items, the largest of which excludes a $600 million impairment of the Clearwire investment.

Broadly speaking, our results for both the full year and the fourth quarter represent solid performance, but also reflect the impact of a deteriorating economy, intensifying competition in our video business and the following trends. We have experienced slower growth in residential cable services due to the severe economic and competitive factors, but we are operating in a relatively stable pricing environment.

The advertising environment is very challenging and has negatively impacted our local cable advertising business. We also began to experience softness in advertising in our national programming networks at the end of the fourth quarter. At the same time, we are growing and experiencing accelerating momentum in Comcast Business Services. We have a cautious approach in 2009 and expect each of these trends to continue during the year.

Let's review our fourth-quarter Cable division results in more detail. Please refer to slide 6. In the fourth quarter of 2008, pro forma Cable revenue increased 7% to $8.3 billion. This revenue growth was relatively stable despite lower-than-expected customer additions and weak advertising sales. We have provided RGU results for ease of comparison, but as slide 6 articulates, we are focused on the number of video, high-speed Internet and digital voice customers, not specifically RGUs, which, as you know, also include digital video customers. As we accelerate our rollout of all digital, the use of RGUs will become a less meaningful metric of customer growth.

Total video, high-speed Internet and digital voice customer net additions slowed to 290,000 in the fourth quarter, a slowdown from prior quarters, reflecting the impact of a weakening economy across all of our services and increasing competition and video. The weak economy is impacting the consumer, particularly on housing growth, vacancies and moves, providing us with fewer opportunities to sell new services.

As we focus on profitable growth, one of the most important metrics is our ability to drive growth and our average revenue per customer, not just units. Despite the slowdown in unit growth, total revenue per customer remained healthy, increasing 9% to $114 reflecting the following components. The video revenue increased 3% for the quarter as a result of growth in digital, advanced services, rate increases and offset by a decline in basic customers, continued promotional activity and the effect of a larger portion of our customer base electing multiple product plans.

High-speed Internet revenue increased 9% in the quarter, reflecting continued customer growth and relatively stable average revenue per customer. Our HSI service is now a $7.2 billion business, which grew 10% during 2008 and represents 22% of total Cable revenue.

Digital voice revenue increased 38% for the fourth quarter, reflecting continued growth in our customer base. The digital voice business generated $2.6 billion in 2008, up 48% for the year.

Revenue for Business Services increased 47% in the quarter to $162 million, demonstrating increasing momentum. For the year, Business Services grew 41% to $558 million and is now at an annual run rate of $650 million.

At the end of the fourth quarter, 23% of our customers took all three services compared to 16% in the fourth quarter of 2007. Steve will spend more time discussing each of our services later in the call.

Our cable advertising business which generated $1.5 billion, or 5% of total revenue, deteriorated further in the fourth quarter reflecting the economy's impact on key ad categories. In the fourth quarter, cable advertising revenue decreased 5%. Excluding the benefit of political advertising in the quarter, core advertising revenue declined 20% compared to the fourth quarter of 2007. In 2009, we expect advertising sales will continue to be pressured and do not anticipate a recovery. Overall, we remain focused on profitable and sustainable growth and while we expect continued video customer losses, we believe we will see penetration gains, albeit at a slower rate of growth, in our digital, high-speed Internet, digital voice and Business Services in 2009.

Please refer to slide 7 to review our Cable division's operating cash flow results. In the fourth quarter, pro forma operating cash flow for our Cable business increased 7% to $3.4 billion, which was in line with top-line growth and contributed to a stable operating cash flow margin of 41.2%. As in the third quarter, our results were again impacted by two major hurricanes and by severance expenses related to recent staffing reductions and a divisional restructuring. The hurricanes impacted operating cash flow by $19 million in the fourth quarter for a total of $39 million for the full year.

In addition, we incurred an additional $63 million in severance charges in the fourth quarter for a total of $126 million for the full year. In the third and in the fourth quarters, we completed a reorganization of our divisions and made reductions in non-customer facing personnel that lowered our Cable headcount by nearly 3300 people. We have absorbed these expenses in our operating cash flow. But if the hurricane and severance charges totaling $82 million in the fourth quarter and $165 million for the full year were added back, our Cable group's operating cash flow growth would have been 9% for the fourth quarter and for the full year of 2008.

For some time, we have been proactively focused on overall expense management, including bad debt, credit screening and further expense reductions. In 2008, we also realized operating efficiencies in our high-speed Internet and digital voice businesses. As both of these businesses continue to scale, our network and direct costs for high-speed Internet declined 20% per customer and digital voice costs decreased 33% per customer. These overall costs are now identified in our trending schedules.

Efficiencies in these two areas helped offset increases in programming expenses in marketing and in our Business Services operation. For all of 2008, programming expenses increased 8%, primarily reflecting higher digital programming costs as we increased our digital customer base and experienced higher sports programming costs. We remain very focused on managing our expenses and continuing to evaluate our cost structure. As we look into 2009, we expect to continue to benefit from efficiencies in high-speed Internet, digital voice and Business Services while at the same time, we expect programming expenses to increase and marketing to remain stable. In addition, as Brian mentioned, we are accelerating key strategic initiatives like DOCSIS 3.0, all-digital and the digital transition in 2009 where we will absorb some additional operating expenses.

Please refer to slide 8 to review our CapEx. In 2008, capital expenditures decreased 8% to $5.7 billion, representing 16.8% of revenue. The decline in CapEx was the result of increased efficiencies, lower activity levels and lower construction spend even as we supported growth in advanced video services, high-speed Internet, digital voice penetrations and more than doubled our capital investment in Business Services to $231 million.

Consistent with historical trends, capital expenditure continues to be predominately growth-oriented with growth CapEx accounting for 71% of Cable CapEx for the year. In the past 12 months, we added 2.6 million video, voice and data customers. We added or upgraded nearly 1.5 million digital customers who received 2.6 million digital set-top boxes. 83%, or 2.2 million of these box deployments were advanced setups.

In 2008, we spent $1 billion or 18% of our total Cable CapEx on advanced set-top boxes. As we analyze the incremental returns we generate from the deployment of these boxes, we believe our returns are even better than the 35% to 40% we projected in 2007, primarily due to reduced box costs, higher revenue per customer and lower churn. Also, we accelerated our investment in DOCSIS 3.0 and digital converters in the fourth quarter to support our rollout of the all-digital initiative, which began in the fourth quarter.

As we make investments in [CPE] to support our growth in new services for both our residential and commercial businesses, we have continued to analyze our returns on that allocated capital. It is clear we are generating attractive incremental returns on these investments that substantially exceed our weighted average cost of capital.

Overall, in 2009, we anticipate our capital investment program to be lower, both in actual dollars and as a percentage of our revenue. We expect lower unit activity, improved CPE pricing and further capital efficiencies, which we believe will result in a decline in our capital intensity. This overall reduction will occur even as we invest aggressively to sustain our momentum in Business Services and expand our deployment of DOCSIS 3.0 and all-digital. In 2009, we estimate we will invest approximately $400 million to $500 million of capital in our DOCSIS 3.0 and all-digital projects.

Now let's please refer to slide 9. As I mentioned earlier, our financial strategy remains focused on growing free cash flow and free cash flow per share, as well as on a disciplined and returns-oriented approach to allocating capital. In 2008, solid operating cash flow growth of 8.5%, coupled with lower CapEx, resulted in free cash flow growth of 56% to $3.7 billion and free cash flow per share of $1.24, an increase of 65% compared to 2007. Over the past year, we have converted 28% of our operating cash flow into free cash flow compared to a conversion rate of 20% for the full year 2007. In 2009, as our capital intensity is expected to decline further, we expect to further grow our free cash flow.

Please turn to slide 10 to discuss our current priorities around capital allocation. Our overarching and first priority remains to profitably invest in the operating and strategic needs of our business. We will continue to deploy capital in our businesses as it provides very attractive incremental returns, enhances our competitive position and delivers sustainable organic growth. We are also investing in areas that take advantage of our scale and allows us to extend our leadership and build new businesses like Business Services and [SEM].

As we evaluate internal or external investments, our focus is on creating value by delivering financial returns that are risk-adjusted and well above our cost of capital. Our internal and external investment thresholds have clearly increased in this volatile economic environment. When it comes to considering acquisitions, we will continue to be extremely disciplined and execution-oriented, focusing on opportunities that extend our services or add features and allow us to build new complementary revenue streams.

As you know, we believe our balance sheet is a meaningful asset to our shareholders and in this environment, our priority to maintain and strengthen our balance sheet has only been reinforced. We have a solid investment-grade rating and have ample liquidity to internally fund all of our requirements. During this uncertain environment, we are now very focused on maintaining this strength and flexibility.

We also have a continuing commitment to return capital to shareholders. In 2008, we purchased 141 million shares, or $2.8 billion of our stock, and introduced a dividend for a total return of capital of over $3.3 billion. We did not purchase any stock in the fourth quarter and as previously disclosed, due to difficult economic conditions and the instability of the capital markets, it is unlikely that we will complete our share buyback by the end of 2009.

Our focus on returning capital to shareholders is now shifting in 2009 to our dividend, which, as Brian mentioned, we are increasing by 8% to $0.27 per share per year. Given we just initiated our dividend 12 months ago, we believe this increase is a meaningful vote of confidence in our business. As we go along, we will continue to evaluate the weight and order of these priorities and make appropriate adjustments. Now let me pass the call to Steve.

Steve Burke - *Comcast Corporation - COO & President, Comcast Cable Communications*

Thanks, Mike. This earnings season everybody seems to be talking about the economy for obvious reasons, but instead of talking about the economy, what I would like to do is be a bit more specific and talk about our marketplace. Our marketplace is affected by the economy and also by the ebb and flow of competition.

In talking about our marketplace, I would like to highlight what we are seeing, what we are not seeing and also importantly, what we are doing about it. In terms of what we are seeing, first of all, there is more competition from the telephone companies. 10% of our footprint a year ago was overbuilt. Today, that number is more like 22%. Secondly, we are seeing more price sensitivity, particularly since the month of October.

Third, it is simply harder to make the phone ring. With marketing and sales, customers appear to be defensive. They are less likely to go out and subscribe or call up for upgrades or new services. And hence, our connects, the people coming into our business, our connects are lower than we had planned. And finally, we are seeing a very difficult ad sales environment that is currently showing no signs of improvement. So those are some of the things we're seeing.

In terms of the things that we are not seeing, we are not seeing increased disconnects. We are actually seeing less disconnects than planned and churn is right on par with prior years. We are also seeing that we are not, in fact, realizing larger numbers of downgrades. Third, we are also not seeing a material increase in bad debt, which is really remarkable given everything that is going on in the world. And finally, we are not seeing large numbers of people dropping their television service due to either financial hardship or the fact that they can get video increasingly on the Internet.

The next question is given what we are seeing and not seeing in the marketplace, what are we doing about it? First of all, we are fine-tuning our marketing and sales. We are introducing new single product promotions, we are revising our offers with a greater focus on high def as many, many people are switching from standard def to high def television. We are increasing direct sales efforts and trying to get more targeting. We are using economy tiers to attract and retain price-conscious customers.

Secondly, we are watching bad debt and retention very carefully. That is obviously critically important in this kind of environment. Third, we are improving customer service and reliability. As Brian mentioned, service calls are down versus last year. There is obviously still much work to be done, but we are clearly headed in the right direction.

We are carefully monitoring and managing our operating expenses. As Mike mentioned, we have reduced headcount by roughly 3300 people in 2008 with the impact of the severance, $126 million, in 2008 fiscal year results. We have consolidated five to four operating divisions, 29 to 21 regions, and all of these efforts have really reduced our go-forward cost structure, which is important given the decline in our increase in net ads and activity levels. Finally, we are seeing a very significant and have seen a very significant drop in our phone and data cost structure, which is very important as these businesses continue to scale.

We are carefully monitoring and controlling our capital costs. In 2008, capital spending was down in nearly every category with a fourth-quarter spike as we prepare for all-digital and DOCSIS 3.0. We have 10% to 20% declines in many types of consumer premises equipment and high def boxes are down 20% to 30% on a unit basis.

Finally, with all of the above, we are continuing to invest in our growth businesses and product enhancements. Business Services is a real success story with very high returns and we are giving that group the capital they need to continue to expand quickly. High def and DVR services continue to grow and we are not sparing capital for people who want to purchase those services from us as they have very high returns.

We are moving rapidly with all-digital. That rollout is not constrained by capital. That is constrained by just the human side of making that happen and DOCSIS 3.0, we are rolling out quite quickly. We have about 30% of the Company with DOCSIS 3.0. That number should double by the end of the year. These are all important investments and we're going to continue to fund them because they are key to our growth in the future.

Now moving to our specific product areas. First, let me start with video. As Mike mentioned, basic subscribers fell during the fourth quarter with a loss of 233,000 customers. We did have some one-time negatives during the quarter and as of mid-February, things look like we're going to fare much better in the first quarter than we did the last quarter of 2008.

Digital was a better story with 247,000 net ads and penetration now at 70%, which is really phenomenal considering this is a business that, over the last 10 years, has continued to grow to that high level. 45% of our digital customers in 2008 were advanced service customers with either a high def box or high def DVR. Our new triple play offer really concentrates on high def and that looks like it is a success; although it is still early.

Our key video initiative for 2009 is all-digital and we are off to a very good start in Portland and beginning to launch major markets such as Seattle, San Francisco and Philadelphia as we speak. The idea behind going all-digital is to take 50 to 60 analog channels and move them from analog to digital, which frees up a lot of capacity for high def, ethnic services, DOCSIS 3.0 and anything else that we need the capacity for. At this date, we've purchased millions of digital converters and started migrating hundreds of thousands of customers. The early results in Portland are very favorable and this is a key project for us and we think it is very good news that this project is going well.

Moving on to high-speed data, we are currently the largest residential high-speed data provider in the country with 14.9 million total customers. During 2008, we added 1.3 million high-speed data subscribers, more than any other company in the country. Our long-term strategy has been profitable growth, meaning growth in units and stable ARPU, not marketshare at any price. We definitely did see more telephone company-related competition in our high-speed data business in the fourth quarter. After a challenging second and third quarter, we believe the RBOCs price more competitively, more dramatically lower to win some share in the short term.

We think that our high-speed data service still provides the best value to the customer and remain confident that we will continue to grow our share over time. We continue to capture marketshare from DSL. 66% of our high-speed data gross ads came from DSL in 2008 versus 44% two years ago. Wideband, or DOCSIS 3.0, will add to our competitive speed advantage. We have launched this faster product now in about 30% of our footprint and we will be launching it to over 65% by the end of 2009. Speed really matters in this business, particularly when you see more video on the Internet, YouTube and other applications that get better with more speed. Our goal is to get our entire footprint or the vast majority of it up to 12 megabits and to offer 50 to 100 meg in as many places as possible. We have already launched extreme 50 meg service in 10 major markets passing 10 million homes and that number will increase as we go through the year.

In this environment, we have also introduced economy products and packages. For example, you can get our Internet product at 1 meg now for as low as $24.99. We are maintaining a very favorable mix however with the number of high-end, high-speed data customers getting more than our standard service outnumbering economy high-speed data subscribers that get that 1 meg service by three to one. In 2009, we expect to add fewer high-speed data customers than in 2008, but we are still looking for substantial growth in this business.

Moving on to phone, as of year-end, we have 6.5 million phone customers and we added 2 million customers in 2008. During the back half of 2008, we saw a slowdown in our telephone net ads. The business still grew; it simply grew a little less quickly.

Some of this was the housing market and less moves in and out of our footprint, which means less overall connect activity and thus, the ability to sell in CDV, Comcast digital voice. Sell-in remains strong at close to 40% of all the people subscribing to a Comcast service also taking our phone product.

Overall, our penetration is almost 14% and we have a number of markets with penetrations above 20%. We think we still have a very long runway of growth. 87% of our phone customers take all three of our products, so this product is important in terms of bundling and our overall delivery of multiple products over the same platform.

As with high-speed data, we have also begun to offer an economy phone option and here too our mix continues to be favorable. To date, since we launched phone a few years ago, our product has really been a way to deliver value to the customer and we have competed largely, if not primarily, on the basis of price. Now we are also beginning to roll out new converged services and features to compete on that basis as well. We have universal caller ID available to 10 million homes in our footprint. We have launched SmartZone, which is a communications center for the customer that allows you to access your e-mail, your voicemail and your address book all in the same place and we are launching an enhanced cordless phone and other packages during 2009. All of these products are being launched with the idea that, in addition to great value, we can differentiate our wireline phone product over time.

Now moving on to Business Services. In 2008, as Mike mentioned, we had substantial growth and 2009 will be another big year. In 2008, our revenue increased 41% to $558 million and we are expecting similar to even better growth performance going forward. Business Service offers terrific capabilities at a terrific value -- more for less. One of the cornerstones of our growth for Business Services is multiline phone. This service has only been fully deployed since July and we have seen a significant pickup in our voice business as a result. 45% of our total 2008 Business Services voice revenue was realized in the fourth quarter alone.

Our goal is to build a highly profitable, multibillion-dollar revenue business that captures about 20% of the $12 billion to $15 billion worth of revenue that small and medium-sized businesses represent in our footprint. This is a very big market and we now have good momentum. As such, we expect Business Services to be a major contributor to our cable growth in 2009 and beyond.

Before concluding, I want to update everyone on our plans for the digital broadcast transition and the work we will continue to do throughout the second and third quarters of 2009. This is a very significant undertaking for the Company and for the country and we partnered with the NAB, the NCTA and other MSOs to help customers through what is now a very extended process.

We have a 1-800 number established with thousands of live agents available to handle our customers' questions. The delay of the transition will cost us a modest amount money due to increased staffing, but it will also allow us more time to attract new customers. So far, we are clearly seeing the effect of the digital transition in our subscriber numbers and we obviously expect to see these numbers grow as we approach and pass the new June transition date.

To wrap up, as we enter 2009, we have plenty of work to do to be as competitive as possible in this challenging marketplace. Some quarters' financial metrics or units will be slightly better than others, but achieving the right balance between growth and cash flow over the long term is really our goal. In general, we are very pleased with the strength of our business, our ability to continue to grow revenue, maintain strong margins and increase cash flow.

Marlene Dooner - *Comcast Corporation - SVP, IR*

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

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Craig Moffett, Sanford Bernstein.

Craig Moffett - *Sanford Bernstein - Analyst*

Hi, good morning. Two questions if I could. Mike, first, you mentioned there were no share repurchases in the fourth quarter. I am wondering if you can just give us a little guidance. I know you have suspended the date certain to complete the authorization, but do you expect to be making any share repurchases at all and how will you evaluate that opportunity versus debt paydown?

And then an operating question for Steve related to the voice portion of Business Services. Steve, you mentioned that it is growing strongly in the fourth quarter, but I was really struck by, in Time Warner's numbers, just how small voice is as a portion of their business services, which would suggest that at least they aren't really getting whole accounts yet. They are mostly picking off data. Are you seeing the same thing and what is working to win a whole accounts business rather than just picking up data and video opportunistically?

Michael Angelakis - *Comcast Corporation - CFO*

Hi, Craig. It's Michael. Why don't I take the share repurchase question? Nothing has changed really since we reported on the third-quarter results in terms of suspending the buyback. I think, frankly, the economy has deteriorated further and really we are taking a step back and suspending the buyback, primarily to focus on using the free cash flow we are generating to modestly delever this year and meet the maturities we have. There is a lot of problems in the economy, which I don't think I need to go into. In addition, we find the banking system and capital markets pretty unstable right now and we think the most prudent thing to do is to modestly delever this year.

Steve Burke - *Comcast Corporation - COO & President, Comcast Cable Communications*

So Craig, on the voice as a percentage of total Business Service revenues, if you go back a number of years, we started out our small-business efforts exclusively in the data business and we, by and large, in the very beginning got it sort of over the transom. People would call up and say I am a small business and I want high-speed Internet. And then we introduced voice as a complement to data about, I would say, 18 months or so ago. And then in July, we did multiline voice, which would allow a business to get say eight lines in addition to data. And the main way that we sell now, our real goal is to go in and deliver data, voice and video to small businesses. And so actually there are many, many weeks voice is growing faster than data, but really as a strategy, we are trying to be the entire business solution. And actually what is happening now is when you can offer voice as well as data, it tends to accelerate the data and the voice is obviously a brand new revenue stream.

Craig Moffett - *Sanford Bernstein - Analyst*

And how -- is that sort of a price-based strategy or is just showing up with a strong voice product enough to get you in the door now?

Steve Burke - *Comcast Corporation - COO & President, Comcast Cable Communications*

I think it is both. Very frequently, we are able to offer a better value than the existing RBOCs and traditionally, the RBOCs have targeted larger accounts and not been able to service the smaller accounts. And we really concentrate on the small and medium-size businesses and provide a great alternative for them.

Marlene Dooner - *Comcast Corporation - SVP, IR*

Thanks, Craig. Operator, let's get the next question please.

Operator

Jessica Reif-Cohen, Banc of America-Merrill Lynch.

Jessica Reif-Cohen - *Banc of America-Merrill Lynch - Analyst*

Thank you. I just wanted to touch on some of the things that haven't come up yet on the call. So if you could update us on what to expect from Canoe in terms of roll-out and investment spending and has your outlook changed at all because of the economy? You did mention wireless. I know you took the write-down, but what will we see in terms of timing and what the product will look like? And then finally, on the promotion that you have in the market now, or I guess it just ended, the $200 promotion, has that helped make the phone ring?

Steve Burke - *Comcast Corporation - COO & President, Comcast Cable Communications*

Let me start with the promotions. We do have a promotion right now that gives the consumer $200 back if they sign a long-term contract. We are doing a whole variety of different promotions in different markets to try to figure out which ones are the most effective and we will continue to do that. The $200 promotion does look like a real winner.

In terms of Canoe, I don't think our pace of investment or excitement about that business is affected at all by the economy. Clearly, there is a huge, huge business out there if you can get the interactivity that you currently get when you advertise on the Internet married to television spots. The good news is we have a CEO and team in place that are up in New York and working on executing the plan. We are bringing out our first product, which is called Creative Versioning this spring. And we have two or three other things that are getting very close to being in the marketplace and launched.

So we are very excited about Canoe. The materiality of the business when it becomes a very, very, large needle-moving business for us is not going to occur in 2009. But we are very pleased with the direction and it is the type of thing that I think has such a big reward that it really would not be affected by the economy or the current ad sales environment, which, as we mentioned, is not good.

Brian Roberts - *Comcast Corporation - Chairman & CEO*

On the wireless question, Jessica, the deal really just closed. And I think we are seeing in Portland, which is their first market that they really launched since the new company came together -- let them speak for the results -- but the roll-out continues. They are now going to -- this is Clearwire I'm talking about -- put together the market-by-market strategy that is the roll-out. Many, many markets obviously had a large cash infusion. Wish the capital markets were different, but I think fortunately have a fair amount of runway to now go and construct many cities in the same mode that they are building Portland. And I think we remain very excited with the relationship we have with Clearwire. The opportunity to bundle high-speed data products with mobility in a variety of things in a 4G network has never been tried before and this is going to be the first of its kind and I think, therefore, allow us to have a first-mover advantage in many markets as it comes together.

Intel seems very committed with laptops being able to have that functionality. Google is obviously in the wireless space with their 3G phones and the G1. So I think the nature of the partners continues in addition to obviously Sprint and the 2G and the voice network that we have access to give us the piece parts to begin to try out some wireless offerings. That is not something we feel is going to happen the first few months of '09, but we are working on it. In the back half of the year, I think you will see some real activity in certain key markets.

Marlene Dooner - *Comcast Corporation - SVP, IR*

Thanks, Jessica. Operator, let's take the next question please.

Operator

Spencer Wang, Credit Suisse.

Spencer Wang - *Credit Suisse - Analyst*

Thanks and good morning. Just a couple of questions on the cost side, probably for Mike. Mike, I was wondering if you could quantify the savings in 2009 from the reorganizations that you took in 2008. That is question one. Question two is are you anticipating any more restructuring charges or severance in 2009? And then the third related question is programming costs are still your largest single line item. I was wondering if you could just talk about your expectation for how that will trend in '09. Will that accelerate or decelerate? Thank you.

Michael Angelakis - *Comcast Corporation - CFO*

Sure. Spencer, in '09, we do expect programming costs to slightly accelerate. There is some lumpiness in 2009. Our expectation is we will have some additional growth beyond what 2008 is. Taking your first question which is regard to the restructuring, we do expect about $260 million of savings in 2009 relating to the restructuring as well as the severance.

With regards to further restructurings we don't have any plans for that but we are very focused on expense management and our cost structure. So any massive restructurings we don't anticipate at this point but we are always looking for ways to be more inefficient to save costs.

Marlene Dooner - *Comcast Corporation - SVP, IR*

Thanks, Spencer. Next question please operator.

Operator

John Hodulik, UBS.

John Hodulik - *UBS - Analyst*

Thanks, good morning. Excuse me. It appears in the fourth quarter here that you guys are somewhat less aggressive in terms of promoting and advertising the product at least that is some of the feedback we are getting from the Bells, very different than what we saw in the first half. Could you comment on that and could you talk a little bit about how you decide what is the correct sort of level of promotion in advertising?

And then given the new promotions and the $200 cash back, would you say that you are getting more aggressive as we head into the first quarter and how you expect the competition to shape up in '09?

Steve Burke - *Comcast Corporation - COO & President, Comcast Cable Communications*

It is hard to describe the ebb and flow in the business. We have three or four competitors depending on the market. We have the economy. We have our existing promotions and I think it is fair to say in the second and third quarter, we and most of the cable industry did extremely well in terms of high-speed data. And the telephone companies, it appears greatly increased their promotional intensity and spending in the fourth quarter.

What we are really trying to do and what we have always been trying to do is concentrate on long-term balance and revenue growth and making sure that long-term we grow units and preserve ARPU and so you try not to swing too far one way or the other.

That having been said, I think in the first quarter, we are clearly seeing the phones ringing more than they were in say October or November. We are clearly seeing some of our new promotions work well, but it is always a balance and what we are not interested in doing is putting out offers that generate hundreds of thousands of units, which have no economic value. So I think it is fair to say that we have sharpened our intensity in the first quarter, but I think it is also fair to say we are very, very conscious of the balance between units and ARPU and maximizing revenue.

Marlene Dooner - *Comcast Corporation - SVP, IR*

Thanks, John. Operator, let's take the next question please.

Operator

Ingrid Chung, Goldman Sachs.

Ingrid Chung - *Goldman Sachs - Analyst*

Thanks, good morning. So just a question on the dividend to begin with. I do think it is a strong signal of confidence in the market that you are increasing the dividend. Although I have to say, we also viewed the 8% increase as being on the conservative side given your more than 50% growth in free cash flow in '08 and what we view as strong free cash flow growth in '09. I was wondering if you could give us some color into how you decided on an 8% increase and would you consider increasing the dividend further later this year?

Michael Angelakis - *Comcast Corporation - CFO*

Hi, Ingrid. It's Michael. Actually being conservative in this environment could be interpreted as a complement, so I will take it that way. I think the way we look at the dividend, which we just initiated 12 months ago and I am actually very pleased that just 12 months ago we initiated and now here we are 12 months later increasing it. We do look at payout ratios also. When you look at 2008 free cash flow, our payout ratio is slightly in excess of 20%. When you look at our net income, our payout ratio is slightly in excess of 30%, which we think at those levels and other opportunities, that is an appropriate amount. So we agree with you. It is a strong signal to the market and I think we are pretty pleased with it.

Marlene Dooner - *Comcast Corporation - SVP, IR*

Thanks, Ingrid. Next question please, operator.

Operator

Vijay Jayant, Barclays Capital.

Vijay Jayant - *Barclays Capital - Analyst*

Thank you. My question is on VOD. Now you're getting a lot of content on sites like Hulu, which is not really available on your VOD platform. Can you talk about how you will try and get this content on your platform so that consumers don't get trained to route around the video platform by using Internet video? I think VMED and Virgin Media in the UK has done something with BBC iPlayer. And I have a follow-up on just the VOD speed, VOD load, is it still designed for a peak load of about 10% of users using the service simultaneously or has that changed? Thanks.

Steve Burke - *Comcast Corporation - COO & President, Comcast Cable Communications*

Okay. The peak load activity is really something that we watch very carefully. We look at the percentage of VOD streams that are completed and it varies by node and varies by area and what you want to make sure is that you are completing the maximum number of streams. So 10% was how we originally thought of the network, but we have areas where we have very high penetration and high digital VOD usage, which are higher than 10%.

In terms of the overall VOD business, the majority of very attractive product that people are getting on sites like Fancast and Hulu, I wouldn't say the majority, but a huge amount of that is already on our VOD platform. So for example, we have NBC shows, ABC shows, CBS shows, lots and lots of very good popular content on the VOD platform. And we keep adding more and more and we have a lot of ideas in the future about ways to get more.

The interesting thing is I think the programmers are very sensitive to the fact that the affiliate fees that the cable and satellite industry pays are really the most attractive part of their business, particularly when the advertising environment is as weak as it is and most of them are not making very much money, if any money at all on the Internet.

So we are aligned in terms of trying to preserve the ecosystem and one way to preserve that ecosystem is to enable us to get the product on VOD and have their ads in that product. So our streams per month continue to grow. They are way over 300 million streams per month and we do have a lot of very attractive product. Clearly, people are viewing more video on the Internet, but the fact of the matter is every year, including last year, including last quarter, more people are paying for multichannel video.

So it clearly seems complementary to us. It is something that we have got to be very careful about and make sure that programmers and we, because we own Fancast, don't overdo it and forget the fact that the video platform and VOD is what got us here. But we see at least so far things being complementary and both sides growing.

Marlene Dooner - *Comcast Corporation - SVP, IR*

Thanks, Vijay. Operator, let's go to the next question please.

Operator

Benjamin Swinburne, Morgan Stanley.

Benjamin Swinburne - *Morgan Stanley - Analyst*

Thank you, good morning. A couple of cost questions I guess for Michael. On the direct expense line for data and phone, you talked about the efficiencies there. I don't know if you could put a little more meat on the bone in terms of what is driving the expense numbers down in absolute dollars. Are those outsourced contracts that are rolling over and you are benefiting from greater scale or labor savings? Any sort of detail would be helpful as we think about 2009, 2010. And then you talked about, I think, Steve, $400 million to $500 million on DOCSIS and all-digital. All-digital seems to be less expensive than I would have thought. I was wondering if you could talk about of sort of self-install rates or what is happening in Portland that has made that project at least appear less expensive than we thought.

Michael Angelakis - *Comcast Corporation - CFO*

Why don't I take it? I think the team has done a fantastic job on managing the expense side on the voice, on the data side. Honestly, Ben, there is not one area that I can point to. There is a whole variety of areas the teams have worked on, which really are the benefits of scale in the business. We have focused a lot on lease cost routing and a whole variety of factors to really bring down the cost. And I really can't articulate one specific area that I think the team has done -- it is a whole bunch of blocking and tackling.

Steve Burke - *Comcast Corporation - COO & President, Comcast Cable Communications*

And some of it is taking outsource contracts in-house, some of it is deploying new technology, some of it is just getting more scale, particularly in a business as new as the phone business. That is a big part of it.

In terms of DOCSIS and all-digital, of the two, DOCSIS 3.0 in a way is a replacement of spending that we would normally incur for the DOCSIS 2.0 as the network gets bigger and more and more people use it. So the incremental cost of DOCSIS 3.0 is far less than all-digital. All-digital, the strategy that we have come up with is to use these digital converters, which are very, very low cost and to do as much as we can in terms of self-install, in terms of online ordering and we -- one of the great things about a cable company in terms of rolling out something new is you can test because you have so many different systems and areas to work with. And what we are seeing is that it is going much more efficiently than we thought and that the percentage of people doing self-install is higher than we thought. We are taking a lot of the phone calls in a very smooth way out of the market, so we are very optimistic.

That having been said, there is a real operating cost when the market goes through it. There is a real capital cost and it is not -- in the year that you do it, it is not necessarily accretive. If you allow yourself to get out of the year that you are doing it, it clearly has a return on investment beyond the bandwidth. It is actually a financially positive thing because it reduces theft and allows you to operate your plant more efficiently.

Marlene Dooner - *Comcast Corporation - SVP, IR*

Thanks, Ben. Operator, let's take the next question please.

Operator

Jason Bazinet, Citi.

Jason Bazinet - *Citigroup - Analyst*

In Europe, there is some evidence that wireless substitution is beginning to encroach upon the data business. And I was just wondering if you could just talk about it from a strategic standpoint. How do you ensure that Clearwire doesn't operate sort of at cross purposes with your existing landline or terrestrial data business? Thanks.

Brian Roberts - *Comcast Corporation - Chairman & CEO*

Let me begin. Maybe, Steve, you want to add to it. Our whole strategy, and if I might, I'll just broaden that question to some of the conversation that is been happening on even VOD versus the net. Our [ober] strategy is to have the most robust network, to have a relationship with the consumer and then let the consumer decide what their preference is. What a 17-year-old kid is doing versus someone else at a different stage of life is going to be different and that is the -- the strategy of the Company is to satisfy all consumers.

So if wireless wants to come along, I, for one, believe that a robust wireline network, and I think Verizon feels the same way even with their wireless assets, they are building FiOS and fiber, that the needs in the home are going to be so great that wireline should be able to offer way more applications than what wireless can do.

That said, there will be some people who want wireless both for in the home or probably a better business, in my opinion, for mobility, which is wireless' great attractive feature. So as we see video on the net and we see high def video on the net and we see video chatting and someday high def video chatting all growing in your home, we think that is fantastic. And if multiple high def streams want to be happening at the same time as different generations all want to watch different shows away from the style of one TV in the house, now there is multiple devices and video games online and all sorts of activities, I think it is a very reassuring place to be to say let's have the best network in the house and that is our strategy.

At the same time, we are partnering with people like Clearwire to try and see where wireless goes so that we have access, not for five years or 10 years, but permanent access to whatever gets built with that 100 megahertz of spectrum. So I still -- roughly is in each city in America that Clearwire now has assembled and is a very unique and attractive greenfield opportunity.

So I think we are positioned just fine. I do really believe that speeding up the Internet is a great part of our strategy and having the fastest speeds is a winner. And I think if you look at 2008 as the whole year and you look at the industry's marketshare, I think the consumer, as video has grown on the net, more and more people are finding cable speeds desirable, particularly if you do it on an ARPU-adjusted basis as Steve was talking about and you actually look at where the money is flowing. So I think we're pretty well-positioned. We will keep track of those tabs, but most of all, we don't want to close any doors off for our relationship with the consumer.

Marlene Dooner - *Comcast Corporation - SVP, IR*

Thanks, Jason. Operator, let's take the last question please.

Operator

Doug Mitchelson, Deutsche Bank.

Doug Mitchelson - *Deutsche Bank - Analyst*

Thanks much. Brian, just following up on that last answer. I mean certainly what we have seen is the value of the high-speed data product to the consumers has been increasing dramatically over the past 10 years, but the price hasn't really been and the consumer has been pretty used to telecom prices coming down and most media prices, other than pay TV, being relatively stable over time. How do you start to teach the consumer that you are paying a little bit more each year for that broadband pipe?

Brian Roberts - *Comcast Corporation - Chairman & CEO*

Well, that is a great goal to find a way to enhance the product and to offer it at different levels of cost and this particular environment that we are in, we are very sensitive to trying to be responsive to our consumers' needs. As I mentioned in my opening remarks, we have got to appeal to folks who are right now trying to manage their budget while at the same time attract customers who frankly their entire business is relying on this high-speed infrastructure and would do anything to get 50 or 100 megs of speed and are willing to pay more. And I think Steve's trend of -- if we are selling three higher speed for every one lower speed is very encouraging.

You also have to look at the development cycle of applications. So dial-up was a $20 product give or take back in the old days of AOL and give or take broadband as $40. In between those two points, Google, Yahoo!, Facebook, MySpace, whatever, all came along and took advantage of the broadband platform certainly music, e-books or Amazon and commerce. So what will the products be in a broadband as broadband goes to wideband world? And will there be a reason for people to want to spend more because it gives you such a great experience?

I think the trend has always been, if you can create the products, the value flows. We are at the cutting edge of creating the product. This is year one, city one. So the applications are not completely there yet, but I know -- I feel I would love to have a faster pipe. I would love my video, I love high def video. We were doing some download demonstrations recently and you can download a sports clip in high def or a movie clip in literally 30 seconds. That takes 15 minutes in today's broadband world. And so there will be applications. That may not be it, but there will be many applications that are revolutionary I believe and I think it is a wonderful place for us to be making a bet.

Marlene Dooner - *Comcast Corporation - SVP, IR*

Thank you, Doug. And thank you all for joining us this morning. Operator, please provide instructions for the replay. Thanks.

Operator

There will be a replay available of today's call starting at 11:30 a.m. Eastern standard time. It will run through Monday, February 23 at midnight Central time. The dial-in number is 800-642-1687 and the conference ID number is 80065727. 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 all disconnect.
