MANAGEMENT DISCUSSION SECTION

Operator: Good morning ladies and gentlemen and welcome to Comcast's Third Quarter 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 S. Dooner, Senior Vice President, Investor Relations

Thank you, operator, and welcome everyone to our third quarter 2009 earnings call. Joining me on the call are Brian Roberts, Steve Burke, and Michael Angelakis.

As always, let me first refer you to slide number two, which contains our Safe Harbor disclaimer, and remind you that this conference call may include forward-looking statements subject to certain risks and uncertainties. In addition, in this call we will refer to certain non-GAAP financial measures. Please refer to our 8-K for the reconciliation of non-GAAP financial measures to GAAP.

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

Brian L. Roberts, Chairman and Chief Executive Officer

Thanks, Marlene, and good morning everyone. We were pleased to report solid results for the third quarter. But before we turn to the results, let me note the many media reports in the marketplace about a potential content investment by Comcast.

While we can't comment on rumors, I would like to reinforce that we will only look at opportunities in our core businesses that potentially can accelerate growth, make those businesses more profitable and differentiated and give them the benefits of scale. Our entire management team is united in this commitment and effort.

Finally, I would like to emphasize that we will continue to have a very disciplined approach as we evaluate any of these opportunities with our primary focus to create meaningful value for our shareholders.

So now let's turn to the quarter. We delivered strong customer metrics across every one of our products, and achieved healthy financial results in the third quarter highlighting the underlying strength of our businesses in a still challenging business environment.

In the third quarter, we generated 1.1 billion of free cash flow, a 20% increase. Our ability to generate consistent and significant free cash flow continues to result from solid growth in revenues and operating cash flow as well as lower cable capital expenditures and increased capital efficiency.

This quarter, we added 604,000 Video High-Speed Internet and Voice customers, our best quarterly performance this year, as we really refocused our marketing efforts and had a strong back-to-school season. We are executing well, balancing revenue, cash flow and customer growth expanding Comcast Business Services which is a profitable high growth business for us, and continuing to make investments to deliver the best customer experience in the marketplace.

To do that, we are focused on driving meaningful innovation in all our products and we are rapidly deploying Wideband and All-Digital and expanding the products and features we offer our customers. We've already rolled out Wideband capability to 65% of our footprint and we are active in more than half of our markets with our All-Digital initiative. As we complete these projects market-by-market we are not only repositioning the company technically, we are also repositioning the company with the consumer. We are recapturing and more efficiently using the bandwidth and offering consumers expanded Digital services, more high-def channels, more foreign language programming and faster Internet speed and services.

We are also making steady progress with new innovative services like Comcast High-Speed 2go, our 4G wireless broadband product. Just this week we are launching the service here in Philadelphia, our third market and we plan to launch more new markets by year end.

Early results continue to be encouraging particularly as this service is attracting new High-Speed Internet customers to Comcast. Our On Demand online trial is also going quite well and we are on track to make this service available nationally by the end of this year. Each of these initiatives helps to strengthen our competitive position now and in the future.

So let's turn to the next slide. Our efforts to improve the customer experience also include product reliability and service improvements. A couple of years ago we began focusing on network reliability and we've made great strides. We've also invested to bring the most sophisticated tools, systems, technology and training to our technicians and customer service representatives so they can quickly and efficiently provision services and provide high quality service to our customers.

These enhancements have been reducing the volume of calls into our systems, and are resulting in improved customer satisfaction.

In March of this year we began to offer a customer guarantee and in the third quarter we started to market it nationwide. We have recorded significant reductions in missed and late appointments and repeat service calls, as well as improvements in our internal customer satisfaction surveys in the early markets when our customers are aware of the guarantee. We still have a lot of work to do, but we are making steady progress and have a real and focused commitment to this effort.

We continue to experience real momentum in Business Services and we are now building on that opportunity to expand the customers we target and our offerings in that space. Steve will cover Business Services in more detail later in the call. So all in all, I'm pleased with our results this quarter. We are achieving growth in revenues, operating cash flow, and strong growth in free cash flow while we focus on our efforts on building an even stronger company. Let me now pass to Michael to cover the third quarter results in more detail.

Michael J. Angelakis, Chief Financial Officer

Thank you, Brian. Let me begin by reviewing our consolidated results on slide five. The company continues to execute as we proactively adapt to the changing economic and competitive dynamics, and remain focused on profitable growth as well as expense and capital efficiency.

For the third quarter, consolidated revenue increased 3% to 8.8 billion and operating cash flow grew 2.7% to 3.3 billion, resulting in a consolidated operating cash flow margin of 37.8% versus 37.9% in the third quarter of 2008. Year-to-date consolidated revenue increased 4.3% to 26.6 billion and operating cash flow has grown 5.6% to 10.3 billion, equal to a margin of 38.8% compared to 38.3% during 2008.

In addition to growing our revenue and operating cash flow, we are also very focused on free cash flow, free cash flow per share, and earnings per share as important metrics in evaluating the strength of our company. In each of these key metrics, our performance during the third quarter and on a year-to-date basis reflect meaningful progress and growth.

During the third quarter, we generated consolidated free cash flow of 1.1 billion, an increase of 20% over the third quarter of last year. On a year-to-date basis, we have generated 3.6 billion of free cash flow, up 31% compared to 2008. In addition, free cash flow per share increased to 22% in the quarter to $0.39 per share and year-to-date free cash flow per share has increased 34% to a $1.26 per share compared to the same period in 2008.

We generated earnings per share of $0.33 per share, an increase of 27% over the third quarter of last year. On a year-to-date basis, our EPS has increased to 29% to $0.93 per share. This quarter's results include one-time finance expenses related to the 1.3 billion July debt tender as well as a lower effective tax rate resulting from favorable tax benefits recognized in the quarter.

We remain focused on executing our strategic, operational and financial plans, and there are several areas that should be highlighted. As we manage the business for long-term profitable growth, we continue to work to find the right balance between revenue, cash flow and customer growth. This quarter we delivered strong customer metrics across all products, despite a substantially larger competitive overlap from the RBOCs and the challenging economic environment.

Advertising, although still under pressure, is also showing some signs of improvement. In the third quarter, Cable advertising revenue declined 16% versus the prior year. However, if we'd exclude political, Cable advertising revenue was down 10%, a notable improvement from the 20 to 25% declines in the past three quarters. While the local Cable advertising business seems to be stabilizing, we will continue to have difficult comparisons in the fourth quarter as we had 78 million of political advertising in last year's fourth quarter.

On the national front, advertising revenue increased 8% at our programming division excluding a favorable adjustment for ratings guarantees, advertising revenue was flat compared to last year which is an improvement from the 7% declines in the first and second quarters.

Operating cash flow at the Programming division was up 13% for the quarter and 12% on a year-to-date basis. However, as we had mentioned previously we do expect to incur higher marketing and programming expenses from the launch of additional shows in the fourth quarter, which will result in a lower operating cash flow in the fourth quarter, when compared to last year.

As we look at the quarter and year-to-date results, we are focused on delivering growth in revenue, operating cash flow and free cash flow, as well as improving capital efficiency.

Let's review our Cable divisions third quarter results in more detail, please refer to slide six.

In the third quarter of 2009, Cable revenue increased 3% to 8.4 billion, reflecting continued growth in High-Speed Internet, Voice and Business Services partially offset by the decline in advertising revenue. We had strong unit additions in the third quarter, with total Video, High-Speed Internet and voice customers growing 604,000 a significant improvement from the 84,000 in the second quarter of '09.

This quarter's customer metrics were strong across every product category. This quarter we lost fewer basic Video customers than the prior quarter as well as during the third quarter of last year. High-Speed Internet additions indexed at 95% of year ago levels and we had a strong quarter for our Voice service as well. Total Video, High-Speed Internet, and Voice customers now total almost 47 million, an increase of 1.5 million new customers over the last 12 months.

Total revenue per Video customer remained healthy during the third quarter increasing 6% to $117. Total subscription revenue per customer, which excludes advertising grew 7% to $112 reflecting the following components. Total Video revenue was essentially flat, reflecting a 3% increase in

Video ARPU and a decline in basic Video customers. During the quarter, we lost 132,000 Video customers. This quarter's growth in Video ARPU reflects continued growth in Advanced Services and the impact from rate increases offset by additional bundling and promotions. Similar to the second quarter, as the economy remains weak, our Video mix also included a higher proportion of customers subscribing to lower levels of Digital service.

High-Speed Internet revenue increased 6% during the quarter. ARPU remains stable at around $42, and with very strong unit additions of 361,000 this quarter with our HSI penetration now approximately 31%. Voice revenue increased 20% for the third quarter reflecting continued growth in our customer base and a modest decline in ARPU to approximately $38. We added 375,000 Voice customers this quarter and now have almost 7.4 million customers with the penetration for our Voice service now over 15%.

At the end of the third quarter, 27% of our Video customers took all three services compared to 22% at the end of last year's third quarter. Revenue from Business Services increased 49% in the quarter to 216 million. Business Services continues its momentum and we are very optimistic about its growth prospects.

Please refer to slide seven. In the third quarter of 2009, Cable operating cash flow increased 2% to 3.3 billion and our Cable operating cash flow margin decreased slightly to 39.7% from 40% in the third quarter of 2008. On a year-to-date basis, operating cash flow has grown 5% to 10.2 billion, resulting in an operating cash flow margin of 40.6% compared to 40.4% during the same period in 2008.

In the third quarter, total expenses in our Cable segment increased 3.3% including an 8.8% increase in programming expenses. Non-programming expenses increased 0.6%, reflecting our continued focus on expense management even as we continue to invest in customer service and deploying new technologies that enhance our products such as All-Digital, Wideband and Wireless. These initiatives contributed to a 7% increase in customer service expenses this quarter.

As expected, marketing expenses were up 4% this quarter as we expanded our direct sales work force and introduced new marketing campaigns, which we expect to continue in the fourth quarter. As a partial offset to these higher expenses, we continue to extract scale benefits and efficiencies in our High-Speed Internet and Voice businesses.

Compared to the third quarter of 2008, our direct costs for High-Speed Internet declined 6% and our voice direct costs have decreased 14%. These expense reductions were achieved while we added almost one million HSI customers and 1.25 million Voice customers over the last 12 months. We continue to evaluate our cost structure and look for ways to gain more efficiencies. We are currently undergoing a cost management initiative and expect a severance charge in the fourth quarter. At the same time, as we are tightly managing costs we continue to make investments to support profitable growth, enhance our product superiority and improve our customers' experience.

Please refer to slide eight to review our capital expenditures. In the third quarter of 2009 capital expenditures decreased 6.1% to 1.2 billion representing 13.9% of revenue. Year to-date our capital investment has decreased 13.1% to 3.5 billion equal to 13.2% of revenue. The decline is a result of improved efficiencies, more favorable CPE pricing, and reduced construction spend which more than offset the continued investment in our products and an attractive areas of growth like Advanced Services and Business Services.

During the third quarter we deployed 2.6 billion Digital set-top boxes and adapters, bringing our total deployed to over 33 million. Included in this number are over 580,000 Advanced HD and/or DVR set-tops as we added 400,000 Advanced Service customers, a significant improvement over the second quarter and an increase from last year's third quarter. We now have over 8.7 million HD and/or DVR customers and our Advanced Service penetration is approximately 49% of our total

Digital Video customers. We also deployed 1.9 million Digital adapters in the third quarter to support the All-Digital roll out. Year to-date we have deployed 4.5 million adapters related to this initiative.

CapEx for All-Digital increased in the third quarter and was the primary driver of the sequential and year-over-year increase in CPE. We also continued to purchase equipment for our DOCSIS 3.0 or Wideband initiative, and as Brian mentioned we have already deployed this service to approximately 65% of our footprint.

Similar to last year, we expect fourth quarter capital expenditures to be higher than the previous three quarters as we continue to purchase equipment to support our deployment of All-Digital and Wideband and to sustain growth in Business Services. As we have previously said, our capital is being proactively managed from a return on incremental capital perspective and we expect our full-year CapEx will be both lower in absolute dollars and as a percentage of revenue when we compare it to 2008.

Please refer to slide nine. We are executing on a disciplined and returns oriented approach to allocating capital, as well as growing free cash flow and free cash flow per share. As I previously mentioned, we generated free cash flow of 1.1 billion in the third quarter and 3.6 billion year-to-date. Given the concerns of the macroeconomic environment, one of our goals in 2009 was to strengthen the company's financial profile and use our free cash flow to reduce debt.

We have accomplished our 2009 goals as we have modestly de-levered the balance sheet, reduced our cost of debt, improved our long-term liquidity and enhanced the risk profile of the company during very uncertain economic times. We believe our balance sheet is an asset to our shareholders and that this modest debt reduction is accretive to our equity value. Even in a year where we de-levered and strengthened the balance sheet, we continue to return capital directly to shareholders.

During the first 10 months of 2009, we returned over 1.2 billion to shareholders equal to one-third of our year-to-date free cash flow. Specifically, we paid cash dividends totaling $761 million.

Also during the third quarter we used excess liquidity to purchase 16.1 million of our common shares for $250 million. So on a year-to-date basis, we have purchased 31.6 million of our common shares for $465 million. As of September 30, we had approximately 3.6 billion of availability remaining under our share repurchase authorization. As our goals for 2009 have been met, the economy appears to be stabilizing and we remain confident in the growth of our free cash flow, we will be reevaluating our dividend, buyback efforts and payout ratios for 2010.

I also want to briefly discuss our capital allocation strategy regarding acquisitions or external investment. Obviously I cannot comment on any rumors or speculation, but I believe it is important to reiterate our parameters. We have been clear that we will remain disciplined and ensure that any investment, pass through our strategic and risk adjusted financial filters. Any investment has to reinforce our competitive advantages and also generate attractive financial returns for our shareholders. In addition to these filters, we have articulated that we will preserve our financial strength; we will not use our stock at these levels, and we will continue to return capital to our shareholders through both dividends and share buybacks. Thank you.

Let me now pass the call to Steve.

Stephen B. Burke, Chief Operating Officer; President, Comcast Cable Communications

Thanks, Mike. During the third quarter, we executed well as we continued to make adjustments to find the right balance between revenue, cash flow and unit growth. Our financial results grew, but the highlight of this quarter for me was clearly customer additions. As units slowed during the second quarter, we decided to be more aggressive with our offers with a particular emphasis on triple-play promotions. As a result, customer metrics across all products improved significantly from the second quarter including a very good back-to-school season.

We had a solid quarter in Video doing better than the same quarter last year, despite the addition of five million new telco overbuild homes. We had an excellent quarter in our High-Speed Data business. Our High-Speed Data net adds were 361,000, twice the total reported net adds of 181,000 for the major telcos combined.

We think our product stacks up very well against the competition, and we continue to find new ways to further differentiate our service. This includes bundling Comcast High-Speed Internet with our recently launched Wireless broadband product Comcast High-Speed 2go, which based on the first couple of markets looks to be a pretty good customer acquisition tool.

We also had a very good Digital Voice quarter as our CDV Comcast Digital Voice business really benefited from our reemphasis on triple-play marketing. We made a conscious decision to reinvest some of our growth to get more customers this quarter. Through increased promotions and refocused marketing, we saw a 20% increase in our triple-play connects compared to the second quarter.

While the majority of our new triple-play customers continue to take packages with ARPUs over $120, we did see a lot of activity at the $99 level. Additionally, we continue to see a higher percentage of our Video customers taking lower levels of Digital service which impacts ARPU. The good news is that we got the units proving that we can get market share when we go for it. Going forward, we'll continue to adjust our promotions as we continue to move the dial quarter-to-quarter to find the right balance between financial and unit growth.

We also remain focused on managing expenses and continue to evaluate our cost structure. As we look to 2010, we're embarking on companywide program to standardize and simplify processes, which will not only result in improved efficiencies, but also increase our speed to market for new products and features, all of which drives a superior and consistent customer experience. As Brian mentioned, improving the customer experience is a key initiative for the company, and we're continuing to make investments to enhance our product superiority and drive long-term growth in our business.

Our All-Digital project is going very well. We have already deployed over 4.5 million Digital adapters and have started the process in over half of our footprint. We've completed going All-Digital in Portland and Augusta, and are about 75% of the way through in Seattle, San Francisco, and Philadelphia. In these markets, we're already offering over 100 high-def channels and have doubled the amount of foreign language programming to between 50 and 70 channels.

In addition to all of the products benefits, going All-Digital also creates network and operating efficiencies which complement our cost reduction initiatives. More specifically, in an All-Digital environment, we are able to automate activities including some connects and disconnects which were previously handled manually requiring a technician to go to a customer's home. For example, in Portland, we're already seeing a 30% reduction in the number of truck rolls for certain types of activities, and we've only just begun.

We are also seeing an increase in the number of customers who are able to self install their services. About 80% of our customers have been using self-install kits for our Digital adapters, and now we're seeing self-installs pick up for the rest of our product portfolio as well.

Regarding DOCSIS 3.0 and Wideband, we've already deployed this technology to approximately 65% of our footprint. So we're going to have a much faster High-Speed Data product, particularly in the 70% of the country that doesn't have fiber-based competition and we compete with DSL. These two products, All-Digital and DOCSIS 3.0 Wideband, make us more competitive. And as we look out over the next year, we are very excited about our product offerings, including expanded high-def, ethnic channel lineups in more markets, rolling out new versions of our programming guide, increase VOD to 20,000 choices, improving and expanding On-Demand online, offering multi-room and remote programmable DVRs and launching High-Speed 2go in many more markets.

We believe these features make us a better competitor in the months ahead. Beyond All-Digital, Wideband and all the other things we're doing on the residential side, let me give you a quick update on our commercial business. Please refer to slide 11. In Business Services, our goal is to keep this operation growing very rapidly and this is an area where we'd like to invest as much capital that gets as good return as possible. We continue to have real success in the small end of the small and medium-sized business with a lot of room for continued growth.

We've been growing revenue very consistently between 40 and 50% versus prior year over the last 18 months, and our Business Services operation now has over $850 million in annual revenue on a run-rate basis. Now that we've built this solid foundation and have real momentum, we're also looking at additional areas of commercial growth, including offering our services to medium-sized businesses. In fact, we recently signed an agreement to acquire a Chicago-based company to help us accelerate growth in that market, giving us expertise in the medium-sized business segment as well as a portfolio of higher ARPU customers that generate 95% of their revenue within our footprint.

We're very excited about the opportunity to expand our business to companies with 20 to 250 employees, which with sales of 10 to $15 billion a year, represents a market roughly equal to the small and medium-sized business segment that we've been concentrating on so far. At the same time, as we expand our network to these businesses, we're also looking at cellular tower backhaul as another nice complementary commercial business that can further leverage our network and we size this opportunity at roughly $1 billion a year for Comcast at a certain point in the future.

In summary, we had a solid quarter with some good unit growth. As usual we will be fine tuning the unit APRU mix in future quarters. We are also continuing to invest in projects that will deliver growth in the future and we look to the fourth quarter and 2010 with a lot of optimism. Marlene?

Marlene S. Dooner, Senior Vice President, Investor Relations

Thanks, Steve. Before we get started with Q&A, let me reiterate what Brian and Michael said and remind everyone that today's call covers our third quarter results and that we will not comment or answer questions regarding any rumors or potential transactions.

With that operator, let's open up the call for Q&A please.

QUESTION AND ANSWER SECTION

Operator: Thank you. We will now begin the question-and-answer session. [Operator Instructions] Our first question comes from the line of Spencer Wang with Credit Suisse. Please go ahead.

<Q – Spencer Wang>: Thanks and good morning. A question on expenses and margins, SG&A has been running pretty flattish in total in 2010. I know there have been differences in growth rates and there was a mix, but overall it's been pretty flat. So Mike, I was wondering, if keeping this line item relatively flat in 2010 is sustainable? And then voice margins have also shown nice improvement on a gross margin basis, can you give us a rough sense of where you can take this to and over what timeframe? Thank you.

<A – Michael Angelakis>: Sure, good morning Spencer. Overall our operating margin in the Cable business had been relatively flat for quite some time. We actually feel that's a pretty good performance. I mentioned in the prepared remarks that we are going through a cost management exercise and I did say that we anticipate a charge in the fourth quarter. To size that charge, it will be probably a bit more than we did in the fourth quarter of last year. So we think the benefits of those will flow into 2010 and we do expect to have, what I would say, lower SG&A or pretty well-managed SG&A with regards to next year and even in 2011.

With regards to voice margins, the team has done a terrific job of growing those. And I think that we're continuing to execute and get more margin. I think there is some left there particularly also as we ramp up Business Services.

<Q – Spencer Wang>: Thank you.

<A – Marlene Dooner>: Thanks, Spencer. Operator, next question please.

Operator: Our next question comes from the line of Jessica Reif-Cohen with Merrill Lynch. Please go ahead.

<Q – Jessica Reif-Cohen>: Thanks. I have two questions, probably for Steve and Brian. First is on the interactive advertising. Can you just talk about some of the efforts there, and will everything go through Canoe on the national level? I mean I'm assuming on the national level, but you saw Cablevision numbers yesterday were strong for interactive advertising locally. So if you could talk about that?

And then the second question is Video-On-Demand, Steve, you just mentioned that you have 20,000 titles. But it's still not a really vibrant service, it just feels like such a big opportunity lost. So I'm wondering if you could just address what the challenges in developing a really strong and robust Video On-Demand and electronic sell-through service offered by you with all the studios?

<A – Stephen Burke>: Okay, Jessica. On interactive advertising, a lot of it will go through Canoe. Interactive advertising encompasses a lot of different things. You have addressable advertising, you have two-way, EBIF type applications, targeted advertising, et cetera. I think for the quarter we had about $15 million worth of advertising that we call interactive.

But the big numbers, I think, will be generated when the industry gets together and allows a national advertiser the ability to advertise across the country. We are very excited about this technology called EBIF. We will have many, many – already have, but we'll have many, many of our homes, maybe half of our homes, EBIF enabled in a very short period of time. The industry as a whole will have a lot of EBIF enabled homes and interactive applications that will be rolling out, and that's I think when the real money starts to show up.

Regarding Video-On-Demand, we're consistently making Video-On-Demand better. I think a key thing for us is getting movies day-and-date with their DVD release. We just sent out a press release that we are making real progress there. Eight of the top 10 films that are on our Pay-Per-View service we believe will be day-and-date over the next few months, and we're sort of chipping away at it. And I think the studios as they see the DVD business change and decline are looking to Video-On-Demand and electronic sell-through and other non-physical ways to distribute movies with a completely different mindset.

So I think getting more content is part of it, and then over time getting better guidance and making it easier to use. And then finally, just making people aware of what we have. One of the things we found is that when people are aware of what we have with VOD, they use it a lot, 25 times a month or thereabouts. And the fact of the matter is there are a lot of people who remember what our VOD assortment was five years ago or maybe have never tried it.

So it's a combination of getting more titles and availability, better guidance, and then finally making sure people know what's there. And we're chipping away at it and getting lots and lots of views, but I agree with you, there is still a lot more potential to sort of change people's mindset about how great what we have is.

<A – Marlene Dooner>: Thanks, Jessica. Operator, next question please?

Operator: Our next question comes from Jason Bazinet with Citigroup.

<Q – Jason Bazinet>: Hi, thanks so much. I just have a question for Mr. Angelakis. On the ARPU in the quarter, it's the first time I can remember it being down sequentially. And I guess I was just wondering how much of that is a function sort of resetting the base customers as opposed to the promotions that you alluded to in terms of strong net adds in the quarter? And secondly do you think it's possible that as your small business initiative begins to take hold that this has the potential to reverse the trend that we saw in the quarter? Thanks.

<A – Michael Angelakis>: Good morning, Jason. I mean I don't think a quarter just is really a trend, so I would say that first. Secondly I think you got to look at this quarter in particular, we clearly had increased promotional activity. We have a lot more customers in bundled plans. We also, based on the economy, have had I would say lower subscriptions to our higher Digital tiers, which does put some pressure on our ARPU.

I think as we go forward obviously we will be having some rate adjustments on the Video side, and I think we are very focused on ARPU, particularly on total ARPU, which I know is up about 6% year-over-year. So from our standpoint we are laser focused on ARPU, laser focused on churn, and again as Steve and Brian mentioned there is a real balance between unit growth and financial results, which we're trying to manage pretty carefully.

<A – Marlene Dooner>: Thanks, Jason. Operator, next question please?

Operator: Our next question comes from John Hodulik with UBS. Please go ahead.

<Q – John Hodulik>: Okay, thanks, good morning. Can you talk a little bit about the commercial side? First of all the CLEC acquisition in Chicago, can we expect more of that as you look to expand into that sort of higher end business market in other larger markets that you currently serve around the country, or is this more of a one-off kind of thing?

And then the growth in that business has remained very strong even as the business scales. I mean, I know you don't want to talk too much about the economics you're seeing, but I imagine given the business mix, the gross margins in the commercial segment should be, I would say, strong compared to the overall business. Could you just comment on some of the economics you are seeing in that business and the profitability of that segment?

<A – Stephen Burke>: So when you think of our commercial business, which I can remember a couple of years being, a couple of years ago being frustrated that it wasn't growing as quickly as we had hoped. It's a major thing to launch a business in a company our size that gets material. Right now that business is quite material. It's about a $850 million annual run rate business growing at 40 or 50% and there aren't many of those around. And our intent is to keep that engine going and as we put together our plans for 2010 and beyond, we think we can.

One of the ways we're going to try to do that is while we continue to do the small business, is really concentrate on medium size. The company that we bought in Chicago is going to help us do that. It's a fairly unique situation because the majority of the footprint of that company, 95% or so, is tied with our footprint. And I'm not sure we'd be as interested in a company that was out of our footprint or had a significant percentage of their business out of our footprint. That having been said, we're going to do what we can to try to accelerate our entrance into that market. In the small side and the sell backhaul, we really like the commercial side of the business and want to do whatever we can to accelerate it.

In terms of margins, this is now a really good business for us. And it has margins which are comparable to the residential business. Obviously its capital intensive. We spent close to $100 million during the quarter on commercial capital and we'll continue to put capital into that business, but the growth rate and the margins and the sort of synergy with our base business in using a lot of our plants and people make us very bullish that this is a good business for us and we're happy that it's growing as rapidly as it is.

<A – Marlene Dooner>: Okay, thanks, John. Operator next question please.

Operator: Our next question comes from Craig Moffett with Sanford Bernstein. Please go ahead.

<Q – Craig Moffett>: Hi, a question for Steve, in your, you had very strong broadband numbers, can you comment how much of that broadband was incremental penetration to your existing base and how much of it was to non-Video subscribers? And just strategically, have you changed your emphasis on the non-Video subscriber marketing of broadband? Are you marketing more aggressively to Satellite subscribers and how do you think about that?

<A – Stephen Burke>: Craig, for this quarter, the third quarter it wasn't going after non-Video subscribers, it was really driven by triple-play, a sort of renewed emphasis on triple-play. If you recall, in the first and second quarter, we spent a lot of time and effort on the country's Digital transition and we put in place a single product $29 dollar Video offer and marketed that pretty heavily. What we really saw in the third quarter was getting back to the triple-play promotions. So I don't know off the top of my head, what percent were non-Video subs, but really the driver was triple-play.

That having been said, in the future, we have a couple of interesting marketing ideas to go after non-subs including one that would allow us to go after non-subs, but not necessarily require the person to take Video. We think a lot of people who have had Satellite for a decade now are loyal to their Satellite service, but would be very open to a combination Phone and High-Speed Data service in addition and we are going to start launching that kind of activity. But, it did not affect the third quarter.

<Q – Craig Moffett>: And if I could ask a follow-up question, thanks, Steve. If I could ask a follow-up question unrelated, but on the TV Everywhere initiative, there has been some speculation that using Fancast for example, you could expand TV Everywhere into effectively an out-of-region, webbased offering. Is that something that you are seriously considering or right now do you consider TV Everywhere an initiative for your in-region subscribers only?

<A – Stephen Burke>: We have no plans to take our authentication which we call Comcast On-Demand Online out-of-region. It really works when it's our existing Video customer or someone else that we know that they're our customer in our footprint.

<A – Brian Roberts>: Let me just comment, also we affirm that, but also to say, we have done some public demos of TV Everywhere. We have beta in progress. We plan to launch it in December nationally a Comcast footprint. It works really well. The early surveys from the test users is they really, really like the service. And I think that since the announcement we made with Jeff Bewkes, a few months ago, there has been a really strong number of programmers, over 22 channels that have gotten on board, I think it is, who, as well as other operators, competitors of ours, who see that there is, this is what consumers want and if this model works as successfully as we hope it will, there will be different flavors and varieties offered. But, at the end of the day, I think it's going to be a very successful new initiative. And so, I think we are excited by it.

<Q – Craig Moffett>: Thanks, Brian.

<A – Marlene Dooner>: Thanks, Craig. Operator, let's take the next question, please.

Operator: Your next question comes from Benjamin Swinburne with Morgan Stanley. Please go ahead.

<Q – Benjamin Swinburne>: Hey, good morning everyone. Two questions, picking up on TV Everywhere, Steve, it would seem that if this as successful as it sounds like it's going to be, there is a lot of implications for the network. I know you are rolling out DOCSIS 3, but can you talk about what happens if this is adopted widely, used widely in the home to broadband capacity, how that might impact your pricing plans on Data, how that might impact capital spending, if at all on, in terms of provisioning, maybe node splitting, etcetera?

And then for Michael, programming costs, is this the peak year in terms of year-on-year growth, should things moderate from here, can you sort of help us think about that over the next couple of years? Thank you.

<A – Stephen Burke>: Well, first on TV Everywhere, there is no question that a lot of people right now are using our High-Speed Data service to stream Video. And what TV Everywhere is really trying to do is to make sure that as the proliferation of Video that we pay for and in effect our customers pay for, goes on the Internet, it goes on the Internet in a way that secures the existing model. So I guess in theory there could be an uptick in usage.

I think with DOCSIS 3.0, we deliver capacity in a very efficient way, but if there is an uptick in usage in a way that would be a very good thing for us because it would imply that people were valuing the bundle and valuing our High-Speed Data business, but we would have to add more capital. What we're really trying to do is, I think at least in the beginning is try to make sure that the content that's out there and the streaming that exists out there is done inside our universe and the people who are paying for the content are getting the content. But, I guess in theory, if there is an uptick we would have more capital to pay for that uptick.

<A – Michael Angelakis>: Ben, on the programming side, we're up about 9% year-on-year. Obviously that number does give us some consternation. We're hoping it's a peak year. This is lumpy in terms of how it goes year-by-year based on renewals and channel additions and things to that effect. But we've added some channels this year. We have obviously had some increases, and we've had some renewals, and our hope is that this is the peak.

<Q – Benjamin Swinburne>: Thanks a lot.

<A – Marlene Dooner>: Thanks, Ben. Operator, let's go to the next question, please.

Operator: Your next question comes from Vijay Jayant with Barclays Capital. Please go ahead.

<Q – Vijay Jayant>: Thank you. A quick question on commercial, any way you can give some color on sort of the breakdown on, within Voice, Video and Data within commercial, what's sort of going faster or some sort of a mix on that revenue pie? And similarly on ARPU for broadband, can you sort of break out somehow what the commercial impact was there? Thank you.

<A – Stephen Burke>: In terms of the mix, obviously we try to sell two or three products to as many commercial customers as possible. In most cases those two products would be High-Speed Data and Phone, but very often we sell High-Speed Data, Phone and Video, and I think High-Speed Data and Phone are running roughly the same. There is a little bit of a legacy impact because we launched our commercial business with just High-Speed Data in the beginning, and so on a quarter by quarter basis, you've got new Phone products being introduced, eight line phone, other services. But really the two engines of our commercial business are Data and Phone, and they're roughly the same in terms of net adds.

<A – Marlene Dooner>: Thanks Vijay. Operator, let's go to the next question, please.

Operator: Our next question comes from the line of Jason Armstrong with Goldman Sachs. Please go ahead.

<Q – Jason Armstrong>: Hey, thanks. Good morning. I realize can't talk specifics here, but can you talk generally about how you are thinking about the regulatory environment for acquisitions? And then second question, you took obviously a significant share in 3Q especially on broadband. What sort of competitive response have you seen in the fourth quarter and how optimistic are you that your relative momentum continues? Thanks.

<A – Stephen Burke>: Well, let me just start by the competitive, with the competitive question then I'll pass it to Brian for regulatory. When we say that we got more aggressive in the third quarter, what we really did was match the promotions that our competitors already had in the market. We basically, you could find a single product promotion from the satellite companies or telephone companies that was lower than us, significantly lower than us, in the first and the second quarter, and we matched a lot of those promotions in the third quarter.

I do think that everybody should acknowledge the fact or be prepared for the fact that there will be quarters where cable gets more aggressive and quarters where the telephone companies get more aggressive. We're hoping to see a little bit more discipline in the marketplace as the telephone companies get a larger installed base, but I wouldn't be surprised since we did so well with High-Speed Data to see a little bit more aggressiveness on the part of our competitors in the fourth quarter.

Brian, on regulatory?

<A – Brian Roberts>: Look I think it falls into a bit of the speculation category. I just think that we'll wait and discuss that if there is something to discuss at the time. But, I think generally speaking there is, I think a mood between stimulus and other signs the administration's made that they want to have a constructive environment, and we don't see a reason to think that that's a red flag that one shouldn't, in considering things, believe that you can't come up with a successful outcome and more to talk about if there is something to talk about.

<Q – Jason Armstrong>: Okay, thanks, guys.

<A – Marlene Dooner>: Thanks, Jason. Operator, let's go to the next question, please.

Operator: The next question comes from Doug Mitchelson with Deutsche Bank. Please go ahead.

<Q – Douglas Mitchelson>: Thanks so much. A question for Brian and Steve. Brian, there were some press recently that Apple's interested in launching a $30 a month online over the top pay TV subscription service, and obviously a long way between wanting to do an offering and actually getting one up and running. And $30 is unlikely to provide enough revenue for the content guys, but probably be the first of many efforts to move subscription video online. Do you see this as a long-term threat to Comcast?

And then for Steve, when you look at your subscriber growth in 2Q, you were down 65% year-over-year in RGU net-adds, and 3Q was down only 6%. So you've already noted it's a pretty massive difference. How much of that improvement was due to an improvement in the gross add trends, and how much of that was due to a better result on the churn side? Thanks.

<A – Brian Roberts>: So let me start by saying that the two questions are somewhat related, and let Steve talk a little bit about the specifics, but I've been saying for a long time that I think Video over the Internet is more friend than foe. And one of the reasons I think we had an outstanding quarter in High-Speed Data and I agree with a lot of the comments that have been raised so far that, that's really one of the big headlines of this quarter, is the investment that we've made in speeds and capacities allow for people what they want to do on the net today does include a lot of – way more Video than it did two years ago and certainly five years ago. And we're better than DSL, and we're better in many cases than any other offering in the market. And so therefore that's the first attack that we're going to have which is to give the customer the best experience.

And as the question earlier asked how do we get compensated for that, that's going to evolve over time based on the usage, that none of us could have predicted quite the usage today, 10 years ago and I'm sure that will be the same 10 years from now. So our primary job is to have the best and most robust network with the best service experience in every one of our markets. And a lot of good things are going to happen.

Specifically to the Apple reports, let's wait and see what does materialize, I read the reports myself. I think there are many folks who want to deliver parts of the experience. I think a little bit goes back to Jessica's question which is why can't we have the most robust experience right to the TV set, right from Comcast Cable. And I think we very much take all these possibilities and use it as a galvanizing mechanism inside the company to come up with better and more innovative products and we've got some very exciting things that we're, people in the labs want to do in the company and that we're trying to develop the relationships with the content companies to get availability of more and more content as that discussion was going on.

But nobody, and that's why we laid out a year ago or a year-and-a-half ago Project Infinity in the company, where we want to have the architecture in place, both to handle other people's traffic and our own traffic, so that the consumer has the best choices by subscribing to Comcast. And that's really what's going to make this a healthy company and I think that's the strategy we're on.

<Stephen Burke>: In terms of where do the net adds come from, both connects and disconnects got better in the third quarter versus last year. Churn was actually down for Video during the quarter. The major driver however was connects, and gross additions were up nicely, but disconnects played a role as well.

<Q – Douglas Mitchelson>: Right, thank you.

<A – Marlene Dooner>: Thanks, Doug. Operator, let's have the next question please.

Operator: Our next question comes from Tom Eagan with Collins Stewart. Please go ahead.

<Q – Thomas Eagan>: Great, thank you very much. Just a question I guess for Steve or for Mike on ebbs and flows in the margin. So for example, Mike, I remember last quarter you talked about how the All-Digital and the Digital transition was going to impact margin by about 1%. Of course, you guys were also talking about the savings you're making on the direct costs on both Data and Voice. So I guess if you could just talk about the ebbs and flows of those two trends and how much is left in 2010 on savings on the direct costs? Thanks.

<A – Stephen Burke>: I think what we said on the Digital transition was that it was a drag to growth of about 1%.

<Q – Thomas Eagan>: Right.

<A – Stephen Burke>: As we go through, not necessarily margin – and that growth – that drag is going to be there for a number of quarters in the future. We're about half of the way through and as we cycle markets through, there is initially a negative drag as you get the Digital adapters out and everything else. We are clearly seeing in the markets that have gone through this first real operating expense savings, and those savings are going to start to flow in as more and more markets get mature. I think if you look out into next year it's going to be more drag than possible – than positive, but when you go into 2011 and beyond it should be all positive.

<A – Brian Roberts>: I just want to add one point before Mike you say something on that, on the financial side. The All-Digital transformation is going really well. And it kind of relates back to that last discussion as well. We are taking the leadership and taking back a significant portion of the bandwidth, reconverting it into more high-def channels, more ethnic channels, more bandwidth for DOCSIS and hopefully future proofing the company as we go All-Digital.

At the beginning of doing that, there was great consternation in this company and by others that consumers wouldn't like it, because you have to have some sort of device on every single television in your home. And what's actually happening, because these devices are so small, and we add a few like 10 channels in many cases were free to the consumer when you get it at no additional cost, I've actually run into people say, I love the little box, can I have that one everywhere? And these boxes cost a fraction of the cost of the old box.

So an interesting development is, yes it's an operational headache, yes it creates a lot of phone calls and has all the attended difficulties, and we are trying to pace it as slowly as we can, but get it done, so that we don't disrupt the entire universe all at once.

But what's coming out the other side is as good or better than we had hoped going in. And we are starting to see a number of MSOs beginning to adopt the same strategy, and I think we're really pleased that we've almost got over five million of these now in the field.

<A – Michael Angelakis>: Tom, let me just add to that. When we look at the business, we are actually increasing our mix towards the higher margin products of High-Speed Internet and Voice, and to some degree even Business Services. Also I think as I mentioned, we are getting the benefits of scale particularly in some of those businesses. Also we are very focused on expense controls, I think we've done a terrific job this year. We have plans in place for next year which I think will also yield pretty positive results. All those efforts benefit our margin.

On the negative side, programming continues, as I said, give us a little bit of an issue, and we are making investments. And we think those investments will pay off in the longer term, and that's around the All-Digital effort which should end sometime in 2010, the DOCSIS 3.0 which should end sometime in 2010, and even Wireless where we have launched a few markets, we are launching

Philadelphia today, and we'll be launching in some more markets later this year and next year. So net-net as I said on the prior question, I feel pretty good about the stability of our margin, given that there's some good guys and bad guys.

<Q – Thomas Eagan>: Great, thank you.

<A – Marlene Dooner>: Thanks, Tom. Operator, let's take the last question, please.

Operator: The last question comes from Marci Ryvicker with Wells Fargo Securities. Please go ahead.

<Q – Marci Ryvicker>: Thanks. Brian, you mentioned in your opening remarks, both the RBOCs and the economy, is one having more of an impact on your business than the other? And then secondly, did you see any incremental impact from the broadcast analog to digital conversion in the third quarter?

<A – Brian Roberts>: Well, I think it's pretty hard to know for sure between the two, but we've done a lot of studies and we think it's about 50:50 between economy and competition. Obviously, Steve mentioned these quarter's results are after having five million more homes with telco competition. So I think we executed quite well, but clearly we all wish we had some fresh supply in the market from housing starts and other things to compete over. And the second question was...

<A – Stephen Burke>: With regard to the broadcast transition...

<A – Brian Roberts>: Yeah, I would say in the third quarter there was very minimal effect if any.

<Q – Marci Ryvicker>: Thank you.

<A – Brian Roberts>: Thank you.

<A – Marlene Dooner>: Thanks Marci.

Marlene S. Dooner, Senior Vice President, Investor Relations

And thank you all for joining us this morning.

Operator: There will be a replay available of today's call starting at 11:30 AM Eastern Standard Time. It will run through Monday, November 9th, at Midnight Central Time. The dial-in number is 800-642-1687, and the conference ID number is 31876445 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.