FINAL TRANSCRIPT

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PRESENTATION

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 Dooner - *Comcast Corporation - SVP, Investor Relations*

Thank you, operator, and welcome everyone to our third quarter 2007 earnings call. Joining me on the call are Brian Roberts, Steve Burke, Michael Angelakis and John Alchin. Before we start, let me refer everybody 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 press release for the reconciliation of non-GAAP financial measures to GAAP. With that, I will turn the call over to Brian Roberts for his opening comments.

Brian Roberts - *Comcast Corporation - Chairman, CEO*

Thanks, Marlene, good morning. The third quarter demonstrates that our business continues to perform well both operationally and financially. When you adjust for acquisitions on an apples-to-apples basis, we posted corporate revenue growth of 12% and cable revenue growth of 11%, and cable operating cash flow growth of 13% this quarter, pretty strong. We added 1.4 million RGUs, a slight decline from a record-setting third quarter in 2006. Year-to-date we have now added over 4.8 million RGUs, up almost 40%, and we are hoping to deliver about 30% growth in RGUs by the end of the year. Michael Angelakis will cover all of these results in more detail.

We are seeing increasing competition and a softer economy and as a result, a slightly slower growth rate. But as you step back and think about our business, I really like our position. Over the last 12 months we've added approximately $2.5 billion in revenue, which reached out and realized $1 billion of recurring operating cash flow growth. Having almost doubled RGU net adds last year, and as much as another 30% this year, we are now more comfortable than ever that 2007 represents our peak year in terms of capital expenditures as a percentage of revenue and that we will reaccelerate free cash flow growth in 2008.

We now have a more diverse lineup of products including fast-growing CDV, and we are establishing new businesses like commercial that will sustain healthy growth over the next several years. Steve Burke will cover all of these operational points. That is our formula, new products over one network that delivers double-digit revenue growth and has delivered for over 12% on average each of the last five years. We have the pieces in place to continue to deliver on our growth goals. Today we offer a package of residential video, high-speed Internet and phone to more than 40 million homes in our markets. That is more services to more homes than anyone else in the business, and we think that puts us in a great competitive position. We also have the potential to address 5 million businesses in the same footprint. And with one network, customer service and technical infrastructure we have the ability to continue to innovate while remaining the low-cost provider.

So I continue to like our hand and our ability to continually transform ourselves and grow. If you turn to slide four, you'll see that our management and our Board shares this view and has authorized a $7 billion increase to our share buyback program. We now have $8.2 billion available for stock repurchases. This increase is more than any previous authorization, and I hope demonstrates a focus on increasing this activity in the next few years. We believe our approach to capital deployment is prudent and balanced and optimizes our strategy and our financial goals.

This is particularly true given the current market values with the stock trading at near all-time historical lows in terms of EBITDA multiples and relative to expected growth rates. Additionally, our strategy will preserve our strong balance sheet and credit profile which we view as a critical asset, particularly in this current economic and competitive environment. So as I said a moment ago, we are very confident about the strength and long-term prospects of our business. We are realistic about some of the business challenges, but nowhere do I see a more fundamentally strong and growing company in the telecom and entertainment sector. I would like to now hand the call over to Mike Angelakis to review this quarter's results.

Michael Angelakis - *Comcast Corporation - EVP, Co-CFO*

Thank you, Brian. I will begin with our consolidated results, so please refer to slide five. Driven by solid financial results in the impact of cable acquisitions, consolidated revenue for the third quarter of this year increased 21% to $7.8 billion while consolidated operating cash flow grew 20% to $2.9 billion. Year-to-date consolidated revenue has increased 28% to $22.9 billion, and consolidated operating cash flow is increased 27% to $8.7 billion.

Net income decreased 54% to $560 million, resulting in earnings of $0.18 per share compared to $1.2 billion or $0.38 per share in the third quarter of '06. However, for normalized comparison the third quarter of '06 included two particular items, representing $669 million of after-tax gains related to the Adelphia Time Warner transactions and the transfer of cable systems to Time Warner. Excluding these gains, adjusted net income for the third quarter of '06 would be $548 million or $0.17 per share. Please refer to table 7-B of our press release for this reconciliation.

Our programming division continues to perform well as revenue increased 27% in the third quarter to $330 million from $259 million. Programming division operating cash flow increased 11% to $97 million from $87 million. Year-to-date programming revenue increased 25% from $771 million to $966 million while operating cash flow increased 20% from $196 million to $237 million. This improved performance reflects higher viewership, higher advertising and increased distribution revenue.

For corporate and other, which consists of several other business units, revenue increased 89% to $51 million from $27 million in the third quarter of '06. This revenue increase is largely due to the activities of Comcast interactive media, including the acquisition of Fandango. Corporate and other operating cash flow loss for the third quarter was $143 million compared to a loss of $96 million a year ago. Included in this loss, however, is a $55 million charge related to the anticipated cost and settlement of the previously disclosed at home litigation, which we are very pleased to have now behind us.

Please refer to slide six as I now review the cable division's financial performance. As always, we are presenting cable results on a pro forma basis. Pro forma results adjust only for acquisitions and dispositions, including Susquehanna, Adelphia Time Warner, Houston, Sports Bay Area, SportsChannel New England and Patriot Media. Cable results are presented as if these transactions were effective on January 1 of 2006. Please refer to the press release and specifically to note 1 in table 7-A for details of our pro forma adjustments and reconciliation. As you can see from slide six the cable division's growth continues. Pro forma cable revenue for the third quarter of '07 increased 11% from $6.7 billion to $7.4 billion. Year-to-date pro forma cable revenue increased 12% from $19.6 billion to $21.9 billion. Cable operating cash flow for the third quarter increased 13% from $2.6 billion to $3 billion. Year-to-date cable operating cash flow is increased 13.5% from $7.8 billion to $8.9 billion. Revenue and operating cash flow growth are the two most important metrics in evaluating the strength of our business. Todate our performance of these two areas is on track with our expectations despite a more competitive and a generally less robust economy.

While we remain focused on achieving our previously issued guidance, these factors may have a slight impact on cable's full year operating results. Cable OCF margins increased above 40% this quarter as they were 40.2%, a 60 basis point increase above last year's 39.6%. Year-to-date our cable OCF margins are 40.5%, also up 60 basis points compared to last year. The margin improvement reflects the advantages of our network scale combined with strong revenue growth and our continuing success in controlling the overall growth of our operating costs. Even as we increase headcount which is up 15% or 11,000 employees, and we incur other costs associated with supporting higher activity levels in new businesses such as commercial services.

Please refer to slide seven. As you look at all of our products together in total, we added 1.4 million RGUs in the third quarter, a slight decrease from the record 1.5 million additions reported in the third quarter of '06. Year-to-date through September we've added a total of 4.8 million RGUs, 40% above last year's pace of 3.4. We ended the quarter with 55.8 million RGUs compared to 49.4 in the third quarter of '06 and 45 in the third quarter of '05. We've added over 10 million RGUs in the past two years. The 55.8 million RGUs is now made up of 70% video customers, 23% high-speed data customers and 7% telephone customers. We expect this shift or diversification to continue as we see meaningful growth in the voice and data customer base.

We also remain focused on achieving our goal of adding 6.5 million net RGUs for the year, a 30% increase over 2006. The impact on basic subscriber performance by the factors I previously mentioned, as well as the acceleration of disconnects from circuit switch phone could marginally affect our RGU growth.

Let's move on and please refer to slide eight. Total video revenue increased 6% to $4.4 billion. The increase reflects growth in Digital Cable customers and increased demand for our digital features including On Demand, DVRs, HDTV as well as modestly higher pricing. All of our digital customers have access to On Demand service, and we continue to see healthy increases in movie purchases. Pay-per-view revenue increased 13% to $184 million in the third quarter, driven by increasing On Demand movie purchases which offset by somewhat flat event revenue. The number of basic cable subscribers remained relatively unchanged at $24.2 million when compared to the $24.1 million in the prior year. For the quarter, basic cable subscribers decreased by 65,000, primarily reflecting the impact of increasing competition.

Compared to last year's 50% digital penetration, we now have 61% or 14.7 million of our video customers taking our digital services, having added 489,000 Digital Cable customers this quarter. The incremental revenue generated by our digital services is a key driver of video revenue growth and represents over 60% of the increase in our video revenue.

We are also pleased with the continued financial strength of our high-speed data business. High-speed data revenues grew 17% to $1.6 billion in the third quarter, reflecting the addition of 450,000 high-speed data customers. Year-to-date revenues have increased 19% from $4 billion to $4.8 billion as we have added almost 1.4 million HSD customers this year. That is as many HSD net additions as in the first nine months of 2006. We ended the quarter with 12.9 million high-speed data customers as average revenue for HSD subscriber was approximately $43, relatively stable when compared to prior periods.

Phone revenue increased 86% from $253 million to $472 million in the third quarter, driven by the growth in CDV customers. This was somewhat offset by a decline in circuit switch phone revenue as we continue to wind down that business line. CDV revenue increased 190% in the third quarter and 264% year-to-date. The negative impact of circuit switch phone declines on total cable revenue growth is about 1 percentage point. In the third quarter of '07 we added 662,000 CDV subscribers, and year-to-date we added 1.9 million, bringing our total number of CDV customers to 3.8 million. Overall, ARBS increased 11% to $102.24 compared to $92.12 in the third quarter of '06.

Advertising revenue increased 7% to $407 million in the third quarter of '07, reflecting the impact of 14 broadcast weeks in the current quarter compared to 13 weeks in the same period a year ago. Excluding the additional week advertising revenue would have been flat for the quarter. Year-to-date advertising revenue is up 1% over the comparable period last year. As you know, 2006 included approximately $90 million of political advertising, which negatively impacted the third quarter of '07 and unfortunately should have an even greater impact in the fourth quarter.

Now moving on, and please refer to slide nine. Cable capital expenditures for the quarter were $1.5 billion, up 19% compared to $1.3 million in the third quarter of '06. Consistent with historical trends, capital expenditures continues to be predominantly variable and revenue driven. During the quarter we added approximately one million digital set-top boxes, approximately 50% of which were for advanced digital services, such as HD or DVR, which are revenue producing but are not included as RGU additions. Over the past 12 months we have deployed almost 5.2 million digital set-top boxes, which represent approximately 22% of the total boxes we have in the field.

Additionally, we have added over 2.4 million CDV customers during the same time frame, which is the second most expensive component of our CPE. Year-to-date capital spent on new service offerings represents approximately 71% of residential cable capital expenditures and is directly associated with new product development and consumer demand for our services. In addition to the increase in CPE and scalable infrastructure, support capital increased more than 50%. This increase relates to the accelerated purchases of equipment in vehicles to support the additional employees necessary to install and maintain our growing number of RGUs. For example, our technical staff increased by 4700 people year on year. We are maintaining our guidance of cable capital expenditures of approximately $5.7 billion for 2007. Importantly, we continue to expect capital expenditures as a percentage of revenue to peak in 2007.

In the third quarter we generated $524 million of consolidated free cash flow. Year-to-date free cash flow is $1.3 billion primarily offset by increased capital expenditures, which again are driven by RGU additions. As we finish the year, we expect the fourth quarter will see additional growth in operating cash flow and a reduction in CapEx, which will result in increased free cash flow in the fourth quarter. Our current forecast indicates we will be at least 90% of last year's free cash flow.

Please move on to slide 10. During the third quarter we purchased 22.9 million shares for $600 million. Year-to-date we have purchased 70 million shares for $1.9 billion. Year-to-date we have used 139% of our consolidated free cash flow to purchase our shares, and that excludes the funding of several acquisitions and debt maturities. As Brian previously mentioned, reflecting our continued confidence in the business, our Board of Directors has authorized a $7 billion increase to our stock repurchase program, bringing the total available to $8.2 billion. Since our buyback program began, we have invested $9.2 billion and reduced shares outstanding by more than 13%.

Another important metric is how we deploy our financial resources and how we allocate capital so that financial and strategic criteria are attained. We will continue to take a very disciplined and prudent approach towards capital allocation. Our goals are to secure our long-term growth to selectively make strategic acquisitions and to return capital to shareholders. This represents a very balanced effort. Since 2005 we returned almost $7 billion of capital through share repurchases, which is actually 113% of the cumulative free cash flow we have generated over that same time period. During that time we have spent over $7 billion on strategic acquisitions. This balanced strategy has resulted in our debt balance increasing by approximately 35% from $23 billion to $31 billion.

During this period of robust growth in our underlying business, our leverage ratio has remained relatively stable, in our targeted range of 2.5 to 3 times, which has helped us maintain strong investment-grade ratings. We remain committed to upholding this rating particularly given the current turbulence in the credit markets, the uncertain economic environment and the increasingly competitive marketplace. Our strong credit rating allowed us to successfully complete our most recent $3 billion debt offering at relatively attractive terms in an otherwise very difficult credit environment. Since we are deploying in excess of our free cash flow for stock repurchases, these proceeds either have or will be primarily utilized for funding previously announced acquisitions and debt maturities. We are comfortable with our current level of debt, and we will continue to use the financial strength of our business to invest for future growth that maintains our competitive advantages while also returning capital to shareholders.

And now I would like to pass the call over to Steve for a discussion on our operations.

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

Thank you, Mike. If you look at the third quarter of 2007 in absolute terms or relative to our historic unit growth, it was a very strong quarter. However, relative to our expectations going into the quarter, RGUs, revenue generating units, were slightly below where we thought they would be. We added 1.4 million RGUs during the quarter. These RGUs equate to over $600 million in additional annual revenues built into our subscriber base. 1.4 million new RGUs in the third quarter were also about double the quarterly growth we had before we launched the Triple Play. RGUs were below where we thought they would be going into the quarter primarily due to basic subscriber and high-speed data performance. And we think there are two reasons for this.

First, competition has intensified. We launched the Triple Play in early 2006 and for some time the RBOCs and satellite companies did not compete with our bundle particularly effectively. Now it is clear that they are spending a lot more money, discounting more than before, bundling RBOC and satellite offers and launching two product bundles that are getting some traction. The second trend is the effect of a weaker economy. While as a subscription business, cable is still recession resistant, it stands to reason in difficult economic times people are more price sensitive, and on the margin less likely to upgrade or add a second or third product. A slowdown in overall housing starts also has to have some impact on the industry subscriber trends. The combination of increased competition and a slowing economy impacted our RGU net adds during the quarter but importantly these trends don't change the fundamental growth prospects of our business.

The Triple Play is still a powerful offer, and it remains at the center of our strategy. About 14% of all our video customers currently take all three products. Those customers tend to churn less frequently than do analog or digital customers. And we continue to believe the Triple Play should be at the center of everything that we do. However, you will see us adapt and sharpen our marketing as our competitors activities change.

Now I would like to give you an update by line of business, starting with video. While we were up about 24,000 subscribers in the last 12 months, we lost 65,000 subscribers during the third quarter versus a gain of 11,000 the previous year. As slide 12 shows, our 2007 third quarter performance looks more like 2005 than 2006. While we obviously would have preferred to add subscribers during the quarter, we also think it is important to put the loss in perspective as we gained over ten times as many phone customers as we lost basic video customers.

Moving on to digital, you will see that we gained 489,000 digital subscribers. Our High-Def and DVR sales continue to be very strong. We added 325,000 digital customers with advanced boxes, which provide either High-Def or DVR functionality or both. And today about 40% of all our nearly 15 million digital homes now have advanced services.

Moving on to high-speed data, as slide 14 shows, we added 450,000 subscribers, which is up from 332,000 subscribers in the second quarter but down from 538,000 last year. ARPU was $42.86, which was on par with the third quarter last year. It does seem like overall high-speed data market growth is slowing slightly, but our unit growth is still about 15% per year, and we think there is plenty of growth left in this market. Today our penetration of homes marketed is about 27% for high-speed data. Many people forecast that eventually 80% of all the homes in America will have broadband access. If that is true, and we maintain a 50% market share in this market which we intend to do, that would equate to 40% penetration for our Company, a level 50% higher than where we are today. In unit terms that would mean growing from 12.9 million high-speed data customers today to over 19 million in the future.

During the third quarter, 61% of our net adds came from DSL. 14% came from other cable companies. And only 25% came from narrow band. We now think it is time to introduce a lower speed tier and use it very selectively to get a greater share of narrow band conversion. We also believe we can launch an effective two-product bundles with just phone and data.

Moving on to our telephone business, as slide 15 shows, we added 662,000 CDV, Comcast Digital Voice, subscribers during the quarter and we now have about 3.8 million IP-based phone customers. We think there is a lot more phone growth ahead of us. Our penetration today is 9.4% of the 40.3 million homes that we market phone to. Given our success in early markets, and the track record of other cable companies, we think it is reasonable to assume we reach 25% phone penetration in a few years, which would mean growing to over 11 million CDV customers.

Moving ahead to financial performance, OCF grew 13% during the quarter despite a drag from our wind down of the circuit switch business of about 1.5 percentage points. Our margin improved from 39.6% to 40.2% or 0.6%. We are now starting to see good cost improvement as we scale our CDV and commercial businesses so there should be more margin improvement in the future.

At this point we've successfully completed all of the many network conversions from the nearly 4 million subscribers we inherited from Adelphia, Time Warner, Susquehanna and Patriot. These systems now have comparable margins to the legacy Comcast operations. They will also provide some good revenue upside as we launch and market new products now that the conversions are done.

Last, but certainly not least, our commercial business is starting to kick into gear. Our total commercial revenue passed $100 million for the first time in the third quarter. We have hired and trained 750 business salespeople and trained 1200 technicians to install and service business customers. Each of our 29 operating regions have now introduced Comcast business class as our commercial brand supporting data, voice and television. Based on our projections, 2008 will be a year of rapid expansion and meaningful contribution to our overall OCF growth rate.

Looking to 2008 and beyond, we continue to see very solid growth. Basic video subscribers will be a game of inches as a mature category with lots of competition. But high-speed data, Comcast Digital and Voice and Comcast business services should all experience significant growth for years to come. With intensified competition and so many different productlines, our growth in any single business in any given quarter may not be a straight line. However, if you look at our growth in total, over time it is an impressive story and one that we know will continue for many years to come.

I guess now we open it up to questions.

Marlene Dooner - *Comcast Corporation - SVP, Investor Relations*

Thanks a lot, Steve. Operator, could we now open up the lines for Q&A, please?

QUESTIONS AND ANSWERS

Operator

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

Jessica Reif-Cohen - *Merrill Lynch - Analyst*

A couple questions. First on the buyback, you didn't mention a timeframe. Can you comment? Are you planning to use free cash flow as it comes in or can you be more aggressive? And would you consider a dividend? My second question is how are you changing marketing? I think Steve said you're going to sharpen your marketing, but given the more competitive environment what changes will you make over the next year?

Unidentified Company Representative

Jessica, why don't I start on the marketing side? I think our feeling is that we had a fairly open field for about a year with the Triple Play, and then not unexpectedly our competition got better. And what they did is they synthetically made a Triple Play, sort of taking a page out of our playbook. They synthetically made a Triple Play by putting satellite in tightly bundled with DSL and phone. That was effective. All of the RBOCs have been running two product promotions. By and large we have not. Those have been effective. So I think you're going to see us do what we call Triple Play 2.0 which is the next evolution of Triple Play, and there will be a some nuances and some freshening. I also think you will see us do two product and one product offers more aggressively than we have in the past. And the real balance here is to make sure that we continue to drive the business, continue to post the kind of operating cash flow results we do. But I think there are things we can do to step up the pace of RGUs. And you will see those play out over time. Beyond that, I wouldn't want to get too much more specific because it is obviously competitive, and I don't want our competitors to know precisely what our plans are. On the buyback question, Jessica, this year as Mike reported we've spent more than 100% of the free cash flow, something like 139% year-to-date on buyback. We also believe free cash flow will grow. And so on an absolute terms we are hoping to be able to use the free cash flow. We right now are preferring buybacks to dividends. The Company has had a dividend in past years, but so far we've been able to buy back the amount of shares we have, and we right now want to continue to do that. So it is over the next couple years. There is no specific answer to the question, but we do also believe that we are going to have increasing free cash flow and that we do want to keep the leverage roughly in the range that we described. And so if you put those together, I think you will see that it should prove to be larger absolute dollars, which is why we had a larger buyback announcement than we have at any time in the Company's history.

Operator

Craig Moffett, Sanford Bernstein.

Craig Moffett - *Sanford C. Bernstein - Analyst*

Brian, you mentioned in the preamble conversation that your strategy is new products on one network. Can we take that to mean that wireless, which would obviously be a second network, is not part of your strategy? And under what circumstances would you see wireless as a necessary part of the strategy?

Brian Roberts - *Comcast Corporation - Chairman, CEO*

Well, I think first of all it would be wonderful if we had perfect clarity on wireless. And I understand that issue, that overhang, if you will. And we are working hopefully with Sprint and the other cable MSOs to reach a perfect altitude if we can in that venture. At the same time, the definition of wireless and what its strategic fit or implication to cable company is frankly not perfectly clear at this time. So we continue to assess it. There is probably no perfect answer. If you want to be able to use products throughout the home, you're going to want wireless capabilities, which is a different network, but it is managed and serviced by us. Outside of the home, how much people want to -- is sit just voice, is it going to be wireless Internet, is it going to be video content?

And so these are questions and I guess our view is there is no new news today. We are studying it. We are working. We are experimenting. But I would like to believe we have a solid track record on dealing with these kinds of new issues. We continue to be extremely disciplined when it comes to considering any activities. And I think our goal is to figure out as an offensive and shareholder creating value anything we would do in this space. But at this time there is really nothing new. There is an auction coming up and I think that tends to stir the pot as people say, am I satisfied with our position. And that is really what I think has created so much chatter. But frankly there is nothing new. It is something we are constantly assessing. And ultimately I hope we will present good alternatives for our consumers that are great for our shareholders, and I think that is doable.

Operator

Anthony Noto, Goldman Sachs.

Anthony Noto - *Goldman Sachs - Analyst*

A couple of questions. The first one is could you give us some insights into the competitive impact on those areas that you have the greatest overlap with Verizon or the greatest overlap with the synthetic bundle that you've talked about in terms of maybe the trends there so we could extrapolate that across the footprint as it increases from the competitive environment from telcos?

And then secondly, on the digital phone this is the first quarter in which we've seen the net adds decline sequentially 662,000 versus 673,000. I was wondering if you could give us some insight there as well.

Unidentified Company Representative

If you look at our subscriber trends by RBOC, in other words Verizon, AT&T and Qwest, the interesting thing is AT&T and Qwest did well versus us, and the disparity between how AT&T performed in Comcast systems and Verizon is not that great. Verizon was slightly more competitive, but not all that much on video. And on high-speed data actually AT&T was more competitive than Verizon despite FiOS with us. So I think when you see a very deeply discounted Triple Play bundle that includes EchoStar from AT&T where they say we are going to give satellite service away for free for a year, which is what AT&T was doing until fairly recently. That has an impact in the market, and it is interesting when you look at it. It is really all of the RBOCs. Qwest got more competitive. Qwest started running more competitive promotions, as well.

If you then look at phone, we don't think we are at cruising altitude with phone. We will be, in my opinion, growing. We are getting closer to cruising altitude than we were two or three quarters ago when we were halfway there. But we will be adding another 10% in footprint, and our expectation would be that our phone numbers would continue to grow. But again, it is not going to be 100% linear as it was in the third or fourth inning of the growth process. So we would expect future quarters to be higher. But it will be uneven.

Operator

Spencer Wang, Bear Stearns.

Spencer Wang - *Bear, Stearns & Co. - Analyst*

Two questions. The first question is just to clarify the CapEx in the quarter. I think right now you are run rating to an annual cable CapEx number of about 6 billion as opposed to your 5.7 billion guidance. So is part of that just timing related to the I think the one year advanced digital set-tops added in the quarter that weren't in the RGU numbers?

The second question is on commercial. Can you give us a sense of what percent of your data and voice net adds were (technical difficulty) customers in the quarter? Thank you.

Michael Angelakis - *Comcast Corporation - EVP, Co-CFO*

I will take that. With regards to CapEx, in the fourth quarter we clearly expect CapEx to come down, and we are maintaining the guidance we did for the year on cable CapEx. So I think it is a bit lumpy and somewhat accelerated. With regards to the second question on business net adds, we really have not disclosed those numbers and gone into specifics. And I do not think we're going to go into that.

Operator

Vijay Jayant, Lehman Brothers.

Vijay Jayant - *Lehman Brothers - Analyst*

Steve, could you talk about your bandwidth recapture effort so far really switch digital video and analog recapture, how those rollouts are going? And do you have enough bandwidth right now to remain competitive on HD now given what DirecTV is suggesting? Thank you.

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

Well, I think the end of your question is the real question. As the country increasingly converts to HD, which is clearly happening at this point, we are anticipating HD sales this Christmas are going to be 30, 40, 50% higher than they were last year. And once a trend like that happens and the prices come down and the product is so good we would anticipate the High-Def conversion to accelerate, not decelerate. One interesting point, more people get high-definition television from Comcast today than both DirecTV and EchoStar combined. We are clearly the High-Def leader. If you look at our current product assortment there may be people who have more channels than we do, but no one has more High-Def options.

If you look at our High-Def VOD on a given night you might have 200 movies if you are a subscriber to Comcast versus 10 if you are a customer of a competitor. And I think it is very important that we keep that High-Def lead. What we are doing right now is fairly limited analog recapture, as our digital penetration rises today it is in the low 60s. By the end of the year it will be much higher. By the end of next year it will be much higher still. The number of analog only expanded basic customers shrinks, and therefore we are able to selectively take channels from analog to digital. We've done that. There are systems that have taken four or five channels when you take four or five it is two or three to one in terms of your High-Def adds. And we've been able to (technical difficulty) ahead of it.

Longer-term, and when I say longer-term I mean in the next year or so, you are going to see us employing switch digital, which would then open up infinite capacity. We have a couple switch digital trials right now, one in Cherry Hill, New Jersey, another in Denver. The technology works great. And it is clearly going to be a big part of eventually getting a lot more High-Def bandwidth. But our goal is to make sure that we are competitive at any point in time. We are today. We will be six months from now. We will be twelve months from now. And the noise I think satellite is doing exactly what we would do with if we were in their shoes. They only have one product, and that is video. And they figured out a way to get more video capacity so they are going to make a lot of noise about having a lot of High-Def channels. We think our High-Def quality is better than satellite today and most people really follow that would agree with that. Satellite has their own High-Def challenges.

In many instances if you want all 100 channels you have to get a new box, an MPEG4 box, you have to put a new dish, a very large and heavy dish on your roof. So there is a variety of reasons why cable has advantages with High-Def. We want to make sure that continues and ultimately switch digital will be a big part of that.

Brian Roberts - *Comcast Corporation - Chairman, CEO*

I just want to also add to that I think that both short-term and long-term I think as Steve has said, we are in pretty strong shape that we are convinced we are going to have a very robust offering. And I think we're going to start shouting that from the rooftops to the consumer, perhaps more strongly than we have. And I think that there is an opportunity here to be superior and to claim that superiority. And we need to do that.

Operator

Tom Eagan, Oppenheimer.

Tom Eagan - *Oppenheimer & Co. - Analyst*

I was hoping to drill down a little bit on CDV. Could you talk about your marketing efforts? Your subs were a little bit lumpy, the adds were a little bit below Q2. I was hoping you could talk also a little bit about what you're hearing from customers. Have you been hearing more service complaints, say for example in Q3 versus Q2 or this year versus last year? And maybe talk a little bit about the level of disconnects Q3 to Q2. And lastly, when do you think you may see the net adds peak in CDV customers? Thanks.

Unidentified Company Representative

Okay, let me start with the peak by saying we don't know. We do think next year by all accounts should be a stronger year for CDV in terms of net adds than it is this year. But we are in virgin territory here. We have never fully rolled out CDV. We basically started the process 18 months or so ago in a full way. We are learning every day in terms of the Triple Play. We are learning a lot about sort of the dynamic of bringing customers in, which customers you bring in, whether they port a number or don't port a number. The reliability of the network is getting better, significantly better. And while there are on occasion service issues by and large we don't think that that is a factor. In the established markets that have been around for a while we are finding service calls going down and the stability of the network is fine. But there are a whole variety of things that we are learning on a system-by-system basis in terms of taking customers that come out of twelve-month promotions and putting them into the right packages. And we will continue to get smarter on that and I think one of the issues is when you are a company that is as large as we are with as many products as we are with as many different moving pieces, whether it is housing starts or other factors, when you are talking about 50,000 subscribers up or down it is very, very difficult to predict. And I wish we could be more precise with our predictive power but the numbers are so large, our Company is so large and so many of these products and promotions are so new you really have got to look at the general trends I think and not place too much emphasis. Everybody likes to look at the marginal 50,000 subscribers but the reality is we have 25 million video subscribers. We added 1.4 million RGUs and that kind of precision, particularly when competition and the economy are changing all the time, is difficult to have.

Operator

Benjamin Swinburne, Morgan Stanley.

Benjamin Swinburne - *Morgan Stanley - Analyst*

Good morning, guys, and thanks for taking the question. Steve, if I could ask about the ARPU trends on video in the quarter, they were down a bit from 2Q. You talked about AT&T's synthetic bundles having an impact on pricing. Is it your expectation that you are going to have to bring pricing down, as well to sort of keep marketshare levels across the product base? Or is this a temporary irrational decision on their part that may be unwinds as we head into the back end of this year and into next year?

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

There are competitors who are certainly doing things in terms of pricing that we wouldn't do. I think to give away video for a year is not something that we would ever do in any of our markets in any package. You hate to make an absolute statement, but I think that is questionable pricing in my opinion. The fact of the matter is there is a technical thing going on with our video ARPU in that when we do a Triple Play bundle we preserve the pricing of the high-speed data and the phone products and absorb a disproportionate amount of the discount on video. So I think when you look at the mix of our business we did not increase video promotional pricing.

Obviously the Triple Play as a percentage of the total continues to grow something like 14% of all of our video customers are now Triple Play. So I think there is some mechanical accounting going on there. The fact of the matter is our overall ARPU went from $92 a year ago to over $102 today. And it continues to grow. And that is really how we look at the business. And when we add a Triple Play customer, let's our overall ARPU is $102, and a Triple Play customer is $125. We like that business regardless of what the precise accounting allocation is to the line that says video ARPU.

Operator

David Joyce, Miller Tabak & Co.

David Joyce - *Miller Tabak & Co. - Analyst*

Can you determine at this point where, how much of your platform is exposed to Verizon's FiOS Triple Play versus AT&T's U-verse and Homezone? And when you've got certain, maybe one-off promotions, if you are keeping the pricing relatively intact but maybe offering content, does that still affect your margin? I.e. are you still paying the programmers for increased affiliates on that?

Unidentified Company Representative

Okay, I think the number -- and it changes every day, obviously, of Verizon Triple Play as opposed to just Verizon FiOS data, Verizon Triple Play overlap I think is around 4% or 5%. AT&T is tougher for us to tell because AT&T markets that we think that they have announced that they are marketing television and we really can't find any of their customers. So I think AT&T is harder to tell Verizon's 4% or 5% with Triple Play. And that number should grow.

In terms of value added, it really depends on the program supplier. There's a lot of things that we do that are value added that have no cost. And sometimes your programming deals would have a fixed fee and incremental subscribers would be at no cost to us. And very often when we get a deal like that we will use the content as a promotional add-on in a way that doesn't cost us anything.

Operator

Rich Greenfield, Pali Capital.

Rich Greenfield - *Pali Research - Analyst*

A couple of questions. One, when you think about the competitive uptick that you've seen, obviously DirecTV is focusing on the HD side of it and a lot of the HD sports side of it. Could you just comment, DIRECTV has been talking about doing this for a couple of years. Is it really all that surprising? What would kind of lead you to not be more aggressive?

Brian, you made the comment that you are going to spend more time marketing your HD what you have today. Why did it get to this point? Why does it seem like at lease from a marketing message standpoint that cable is behind? And how does the whole Big Ten situation which seems another kind of HD sports benefit to DIRECTV and EchoStar, how do you let that happen or at least the rationale behind it? Thanks a lot.

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

Rich, I don't think we've let anything happen. The HD comments, what we were basically saying is that the phone companies were getting better at marketing a triple play and a double play. And obviously DirectTV is spending a lot of money behind High-Def is exactly what we thought they would do. We've added a lot of High-Def VOD capacity, and we have a lot of High-Def channels, almost all of our systems have a very robust complement of High-Def, so I don't think that was anything different. And I don't think the intensified competition during the third quarter really had anything at all to do with High-Def. I think it was much more a competitive response to the Triple Play.

Brian Roberts - *Comcast Corporation - Chairman, CEO*

That is exactly what I was going to say the same thing. What I was pointing out is first of all, High-Def continues to be a minority of television in this country by the vast proportion. So when in our case we put a lot of energy around Triple Play and what we started to see was some double play and if you will, single play marketing. We have a fabulous story in High-Def alone. And as we get closer to the Christmas season, when a lot of people out there are making those purchases as Steve said, we have been winning the majority of the High-Def homes as they convert over. And we will continue to do that.

I think we were technically ready. We had that the story is, as you know we have hundreds of High-Def choices; when you sit down to watch TV today more than our competitors, and that is what we think matters most. And when you do surveys of consumers you see they like our High-Def offerings better. The fact is, as Steve said because it is the only thing they are talking about and they are doing it on a national basis, it has gotten some more attention. And we have a message ready to come back in that.

As to your Big Ten question I am not going to specifically I think address any programming matter, any one channel. But generally speaking you have attention. And as Steve said, on the margins there are different decisions you make that are either financially driven or other motives. We don't think every channel should get an analog basic and charge every consumer for the privilege of having that channel. And we have been trying to give more choice and flexibility to our consumers. We don't think that has had any material impact at all. And in fact, the financial impact of what has been asked from some of the channels that are wanting to get on in that way is hundreds and hundreds of millions of dollars over five or seven years. It is in the billions of dollars. And we think that that is not the long-term trend of then having to have to raise peoples' rates more for every single new channel that somebody wants to create.

So we are trying to create more packages, more flexibility and sometimes you get into a disagreement where they won't let you carry the channel at all if you won't put it into every single home. And so I think we are on the side of the consumer on this in the long run, 80%, 90% of the consumers won't watch that channel. Again, theoretically speaking and I think that some of our competitors will then carry it and try to make that a marketing differentiation feature. And that is part of competition. But I think we are not in any way affected in a material way by any of the disputes that are going on.

Marlene Dooner - *Comcast Corporation - SVP, Investor Relations*

Operator, we have time for one more question, please.

Operator

Bryan Kraft, Credit Suisse.

Bryan Kraft - *Credit Suisse - Analyst*

Thank you. I just have two quick questions. One, how much of an impact will the proposed FCC ruling banning exclusive MDU agreements have on your business? Can you quantify what percentage of your subscriber revenue base comes from these contracts?

And then secondly, what are you thinking in terms of video price increases for next year? Given the increased competition as well as the economy, does it really make sense to raise rates in line with historical rate increases you maybe pull back there?

Unidentified Company Representative

Well, I think we've pulled back slightly this year. We are sort of in the mid fours. It varies by division. Beyond if you are looking out a year from now we haven't made that decision. I think video price increases have moderated pretty much every year for the last five or so years. The fact of the matter is we and all of our competition are receiving price increases from the programmers. And if you don't increase prices a little bit, those increases eat up your profitability.

Brian Roberts - *Comcast Corporation - Chairman, CEO*

In terms of the MDU -- it is about 10% of our customers that would be affected by such a ruling. We think we would then be able to compete effectively in those cases we would be the incumbent, and we don't anticipate it being a huge thing, although we are not sure why the government needs to create a rule such as that and get between what rights the apartment owner may want to do with contracts they choose to let. Sometimes we lose those agreements to competitors, and that is just a form of competition. But I think those are about the size of the numbers.

Marlene Dooner - *Comcast Corporation - SVP, Investor Relations*

Thanks very much. Operator, you can now close the call.

Operator

We have no further questions at this time. There will be a replay available of today's call starting at 11:30 AM Eastern time. It will run through Friday, October 26 at midnight Central time. The dial-in number is 800-642-1687, and the conference ID number is 18381176. The 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.
