

COMCAST CORP  
Form 10-Q  
October 27, 2010  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

**Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**  
**For the quarterly period ended September 30, 2010**

**OR**

**Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**  
**For the Transition Period from                      to**

**Commission File Number 001-32871**

**COMCAST CORPORATION**

(Exact name of registrant as specified in its charter)

**PENNSYLVANIA**  
(State or other jurisdiction of  
incorporation or organization)

**27-0000798**  
(I.R.S. Employer  
Identification No.)

**One Comcast Center, Philadelphia, PA**  
(Address of principal executive offices)

**19103-2838**  
(Zip Code)

Registrant's telephone number, including area code: (215) 286-1700

## Edgar Filing: COMCAST CORP - Form 10-Q

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes  No

As of September 30, 2010, there were 2,069,590,273 shares of our Class A common stock, 711,078,811 shares of our Class A Special common stock and 9,444,375 shares of our Class B common stock outstanding.

**Table of Contents****TABLE OF CONTENTS**

|   | Page<br>Number |
|---|----------------|
| <b>PART I. FINANCIAL INFORMATION</b>  |                |
| <b>Item 1.</b>  |                |
| <u>Financial Statements</u>   | 3              |
| <u>Condensed Consolidated Balance Sheet as of September 30, 2010 and December 31, 2009 (Unaudited)</u>                                      | 3              |
| <u>Condensed Consolidated Statement of Operations for the Three and Nine Months Ended September 30, 2010 and 2009 (Unaudited)</u>           | 4              |
| <u>Condensed Consolidated Statement of Cash Flows for the Nine Months Ended September 30, 2010 and 2009 (Unaudited)</u>                     | 5              |
| <u>Condensed Consolidated Statement of Changes in Equity for the Nine Months Ended September 30, 2010 and 2009 (Unaudited)</u>              | 6              |
| <u>Condensed Consolidated Statement of Comprehensive Income for the Three and Nine Months Ended September 30, 2010 and 2009 (Unaudited)</u> | 7              |
| <u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>   | 8              |
| <b>Item 2.</b>  |                |
| <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>  | 27             |
| <b>Item 3.</b>  |                |
| <u>Quantitative and Qualitative Disclosures About Market Risk</u>   | 35             |
| <b>Item 4.</b>  |                |
| <u>Controls and Procedures</u>  | 35             |
| <b>PART II. OTHER INFORMATION</b>   |                |
| <b>Item 1.</b>  |                |
| <u>Legal Proceedings</u>  | 35             |
| <b>Item 1A.</b>   |                |
| <u>Risk Factors</u>   | 35             |
| <b>Item 2.</b>  |                |
| <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>  | 35             |
| <b>Item 6.</b>  |                |
| <u>Exhibits</u>   | 36             |
| <b><u>SIGNATURES</u></b>  | 37             |

This Quarterly Report on Form 10-Q is for the three and nine months ended September 30, 2010. This Quarterly Report modifies and supersedes documents filed prior to this Quarterly Report. The Securities and Exchange Commission ( SEC ) allows us to incorporate by reference information that we file with it, which means that we can disclose important information to you by referring you directly to those documents. Information incorporated by reference is considered to be part of this Quarterly Report. In addition, information that we file with the SEC in the future will automatically update and supersede information contained in this Quarterly Report. Throughout this Quarterly Report, we refer to Comcast Corporation as Comcast; Comcast and its consolidated subsidiaries as we, us and our; and Comcast Holdings Corporation as Comcast Holdings.

You should carefully review the information contained in this Quarterly Report and particularly consider any risk factors that we set forth in this Quarterly Report and in other reports or documents that we file from time to time with the SEC. In this Quarterly Report, we state our beliefs of future events and of our future financial performance. In some cases, you can identify these so-called forward-looking statements by words such as may, will, should, expects, believes, estimates, potential, or continue, or the negative of those words, and other comparable words. You should be aware that those statements are only our predictions. In evaluating those statements, you should specifically consider various factors, including the risks outlined below and in other reports we file with the SEC. Actual events or our actual results may differ materially from any of our forward-looking statements. We undertake no obligation to update any forward-looking statements.

Our businesses may be affected by, among other things, the following:

our cable services face a wide range of competition that could adversely affect our future results of operations

technological advances have increased and will likely continue to increase competition for our cable services, which could adversely affect our future results of operations

## Edgar Filing: COMCAST CORP - Form 10-Q

programming expenses are increasing, which could adversely affect our future results of operations

we are subject to regulation by federal, state and local governments, which may impose additional costs and restrictions

weak economic conditions may have a negative impact on our results of operations and financial condition

**Table of Contents**

we rely on network and information systems and other technology, and a disruption or failure of such networks, systems or technology may disrupt our business

we may be unable to obtain necessary hardware, software and operational support

our business depends on certain intellectual property rights and on not infringing the intellectual property rights of others

we face risks arising from the outcome of various litigation matters

acquisitions and other strategic transactions present many risks, and we may not realize the financial and strategic goals that were contemplated at the time of any transaction

the loss of key management personnel could have a negative impact on our business

our Class B common stock has substantial voting rights and separate approval rights over several potentially material transactions, and our Chairman and CEO has considerable influence over our operations through his beneficial ownership of our Class B common stock

**Table of Contents****PART I: FINANCIAL INFORMATION****ITEM 1: FINANCIAL STATEMENTS****Condensed Consolidated Balance Sheet****(Unaudited)**

| (in millions, except share data)   | September 30,<br>2010 | December 31,<br>2009 |
|--|-----------------------|----------------------|
| <b>Assets</b>  |                       |                      |
| Current Assets:  |                       |                      |
| Cash and cash equivalents  | \$ 4,542              | \$ 671               |
| Investments  | 72                    | 50                   |
| Accounts receivable, less allowance for doubtful accounts of \$196 and \$175   | 1,868                 | 1,711                |
| Other current assets   | 690                   | 791                  |
| <b>Total current assets</b>  | <b>7,172</b>          | <b>3,223</b>         |
| Investments  | 6,381                 | 5,947                |
| Property and equipment, net of accumulated depreciation of \$31,229 and \$27,810   | 23,328                | 23,855               |
| Franchise rights   | 59,452                | 59,452               |
| Goodwill   | 15,029                | 14,933               |
| Other intangible assets, net of accumulated amortization of \$9,518 and \$8,711  | 3,750                 | 4,105                |
| Other noncurrent assets, net   | 1,413                 | 1,218                |
| <b>Total assets</b>  | <b>\$ 116,525</b>     | <b>\$ 112,733</b>    |
| <b>Liabilities and Equity</b>  |                       |                      |
| Current Liabilities:   |                       |                      |
| Accounts payable and accrued expenses related to trade creditors   | \$ 3,297              | \$ 3,094             |
| Accrued expenses and other current liabilities   | 3,260                 | 2,999                |
| Current portion of long-term debt  | 2,300                 | 1,156                |
| <b>Total current liabilities</b>   | <b>8,857</b>          | <b>7,249</b>         |
| Long-term debt, less current portion   | 28,738                | 27,940               |
| Deferred income taxes  | 27,347                | 27,800               |
| Other noncurrent liabilities   | 7,571                 | 6,767                |
| Commitments and contingencies (Note 12)  |                       |                      |
| Redeemable noncontrolling interests  | 144                   | 166                  |
| Equity:  |                       |                      |
| Preferred stock authorized, 20,000,000 shares; issued, zero  |                       |                      |
| Class A common stock, \$0.01 par value authorized, 7,500,000,000 shares; issued, 2,435,051,023 and 2,428,533,911; outstanding, 2,069,590,273 and 2,063,073,161 | 24                    | 24                   |
| Class A Special common stock, \$0.01 par value authorized, 7,500,000,000 shares; issued, 782,013,575 and 835,991,034; outstanding, 711,078,811 and 765,056,270 | 8                     | 8                    |
| Class B common stock, \$0.01 par value authorized, 75,000,000 shares; issued and outstanding, 9,444,375  |                       |                      |
| Additional paid-in capital   | 39,860                | 40,247               |
| Retained earnings  | 11,525                | 10,005               |
| Treasury stock, 365,460,750 Class A common shares and 70,934,764 Class A Special common shares   | (7,517)               | (7,517)              |
| Accumulated other comprehensive income (loss)  | (116)                 | (46)                 |
| <b>Total Comcast Corporation shareholders equity</b>   | <b>43,784</b>         | <b>42,721</b>        |
| Noncontrolling interests   | 84                    | 90                   |
| <b>Total equity</b>  | <b>43,868</b>         | <b>42,811</b>        |
| <b>Total liabilities and equity</b>  | <b>\$ 116,525</b>     | <b>\$ 112,733</b>    |

See notes to condensed consolidated financial statements.



**Table of Contents****Condensed Consolidated Statement of Operations****(Unaudited)**

| (in millions, except per share data)  | Three Months Ended |                  | Nine Months Ended |                  |
|---|--------------------|------------------|-------------------|------------------|
|   | September 30       |                  | September 30      |                  |
|   | 2010               | 2009             | 2010              | 2009             |
| Revenue   | \$ 9,489           | \$ 8,845         | \$ 28,216         | \$ 26,689        |
| Costs and Expenses:   |                    |                  |                   |                  |
| Operating (excluding depreciation and amortization)   | 3,792              | 3,530            | 11,351            | 10,703           |
| Selling, general and administrative   | 2,119              | 1,989            | 5,985             | 5,681            |
| Depreciation  | 1,377              | 1,362            | 4,167             | 4,148            |
| Amortization  | 247                | 253              | 746               | 760              |
|   | 7,535              | 7,134            | 22,249            | 21,292           |
| Operating income  | 1,954              | 1,711            | 5,967             | 5,397            |
| Other Income (Expense):   |                    |                  |                   |                  |
| Interest expense  | (545)              | (707)            | (1,612)           | (1,828)          |
| Investment income (loss), net   | 109                | 148              | 210               | 218              |
| Equity in net income (losses) of affiliates, net  | (40)               | (17)             | (98)              | (44)             |
| Other income (expense)  | (24)               | 2                | (69)              | 13               |
|   | (500)              | (574)            | (1,569)           | (1,641)          |
| Income before income taxes  | 1,454              | 1,137            | 4,398             | 3,756            |
| Income tax expense  | (584)              | (203)            | (1,763)           | (1,088)          |
| Net income from consolidated operations   | 870                | 934              | 2,635             | 2,668            |
| Net (income) loss attributable to noncontrolling interests                                  | (3)                | 10               | (18)              | 15               |
| <b>Net income attributable to Comcast Corporation</b>                                       | <b>\$ 867</b>      | <b>\$ 944</b>    | <b>\$ 2,617</b>   | <b>\$ 2,683</b>  |
| <b>Basic earnings per common share attributable to Comcast Corporation shareholders</b>     | <b>\$ 0.31</b>     | <b>\$ 0.33</b>   | <b>\$ 0.93</b>    | <b>\$ 0.93</b>   |
| <b>Diluted earnings per common share attributable to Comcast Corporation shareholders</b>   | <b>\$ 0.31</b>     | <b>\$ 0.33</b>   | <b>\$ 0.93</b>    | <b>\$ 0.93</b>   |
| <b>Dividends declared per common share attributable to Comcast Corporation shareholders</b> | <b>\$ 0.0945</b>   | <b>\$ 0.0675</b> | <b>\$ 0.2835</b>  | <b>\$ 0.2025</b> |

See notes to condensed consolidated financial statements.



**Table of Contents****Condensed Consolidated Statement of Cash Flows****(Unaudited)**

| (in millions)  | Nine Months Ended<br>September 30 |                 |
|--|-----------------------------------|-----------------|
|  | 2010                              | 2009            |
| <b>Net cash provided by operating activities</b>           | <b>\$ 7,732</b>                   | <b>\$ 7,725</b> |
| <b>Investing Activities</b>                                |                                   |                 |
| Capital expenditures                                       | (3,429)                           | (3,508)         |
| Cash paid for intangible assets                            | (372)                             | (383)           |
| Acquisitions, net of cash acquired                         | (183)                             | (36)            |
| Proceeds from sales of investments                         | 21                                | 31              |
| Purchases of investments                                   | (54)                              | (142)           |
| Other  | 149                               | 37              |
| <b>Net cash provided by (used in) investing activities</b> | <b>(3,868)</b>                    | <b>(4,001)</b>  |
| <b>Financing Activities</b>                                |                                   |                 |
| Proceeds from borrowings                                   | 2,420                             | 1,843           |
| Repurchases and repayments of debt                         | (649)                             | (4,709)         |
| Repurchases of common stock                                | (892)                             | (438)           |
| Dividends paid   | (800)                             | (568)           |
| Other  | (72)                              | (185)           |
| <b>Net cash provided by (used in) financing activities</b> | <b>7</b>                          | <b>(4,057)</b>  |
| Increase (decrease) in cash and cash equivalents           | 3,871                             | (333)           |
| Cash and cash equivalents, beginning of period             | 671                               | 1,195           |
| <b>Cash and cash equivalents, end of period</b>            | <b>\$ 4,542</b>                   | <b>\$ 862</b>   |

See notes to condensed consolidated financial statements.

Table of Contents

## Condensed Consolidated Statement of Changes in Equity

(Unaudited)

| (in millions)  | Redeemable<br>Non-<br>controlling<br>Interests | Common Stock |             |           | Additional<br>Paid-In<br>Capital | Retained<br>Earnings | Treasury<br>Stock at<br>Cost | Accumulated<br>Other<br>Comprehensive<br>Income<br>(Loss) | Non-<br>controlling<br>Interests | Total<br>Equity  |
|--|--|--------------|-------------|-----------|----------------------------------|----------------------|------------------------------|---|----------------------------------|------------------|
|  |  | A            | Special     | B         |                                  |                      |                              |   |                                  |                  |
| Balance, January 1, 2009   | \$ 171   | \$ 24        | \$ 9        | \$        | \$ 40,620                        | \$ 7,427             | \$ (7,517)                   | \$ (113)  | \$ 126                           | \$ 40,576        |
| Stock compensation plans   |  |              |             |           | 108                              |                      |                              |   |                                  | 108              |
| Repurchase and retirement of<br>common stock                                       |  |              |             |           | (353)                            | (112)                |                              |   |                                  | (465)            |
| Employee stock purchase plan   |  |              |             |           | 46                               |                      |                              |   |                                  | 46               |
| Dividends declared   |  |              |             |           |                                  | (582)                |                              |   |                                  | (582)            |
| Other comprehensive income (loss)  |  |              |             |           |                                  |                      |                              | 41  |                                  | 41               |
| Sale (purchase) of subsidiary shares<br>to (from) noncontrolling interests,<br>net |  |              |             |           | 30                               |                      |                              |   | (35)                             | (5)              |
| Contributions from (distributions to)<br>noncontrolling interests                  | 10   |              |             |           |                                  |                      |                              |   | (19)                             | (19)             |
| Net income (loss)  | (13)   |              |             |           |                                  | 2,683                |                              |   | (2)                              | 2,681            |
| <b>Balance, September 30, 2009</b>   | <b>\$ 168</b>                                  | <b>\$ 24</b> | <b>\$ 9</b> | <b>\$</b> | <b>\$ 40,451</b>                 | <b>\$ 9,416</b>      | <b>\$ (7,517)</b>            | <b>\$ (72)</b>  | <b>\$ 70</b>                     | <b>\$ 42,381</b> |
| Balance, January 1, 2010   | \$ 166   | \$ 24        | \$ 8        | \$        | \$ 40,247                        | \$ 10,005            | \$ (7,517)                   | \$ (46)   | \$ 90                            | \$ 42,811        |
| Stock compensation plans   |  |              |             |           | 160                              | (4)                  |                              |   |                                  | 156              |
| Repurchase and retirement of<br>common stock                                       |  |              |             |           | (603)                            | (297)                |                              |   |                                  | (900)            |
| Employee stock purchase plan   |  |              |             |           | 45                               |                      |                              |   |                                  | 45               |
| Dividends declared   |  |              |             |           |                                  | (796)                |                              |   |                                  | (796)            |
| Other comprehensive income (loss)  |  |              |             |           |                                  |                      |                              | (70)  |                                  | (70)             |
| Sale (purchase) of subsidiary shares<br>to (from) noncontrolling interests,<br>net | (20)   |              |             |           | 11                               |                      |                              |   |                                  | 11               |
| Contributions from (distributions to)<br>noncontrolling interests                  |  |              |             |           |                                  |                      |                              |   | (26)                             | (26)             |
| Net income (loss)  | (2)  |              |             |           |                                  | 2,617                |                              |   | 20                               | 2,637            |
| <b>Balance, September 30, 2010</b>   | <b>\$ 144</b>                                  | <b>\$ 24</b> | <b>\$ 8</b> | <b>\$</b> | <b>\$ 39,860</b>                 | <b>\$ 11,525</b>     | <b>\$ (7,517)</b>            | <b>\$ (116)</b>   | <b>\$ 84</b>                     | <b>\$ 43,868</b> |

See notes to condensed consolidated financial statements.

**Table of Contents****Condensed Consolidated Statement of Comprehensive Income****(Unaudited)**

| (in millions)   | Three Months Ended<br>September 30 |               | Nine Months Ended<br>September 30 |                 |
|---|------------------------------------|---------------|-----------------------------------|-----------------|
|   | 2010                               | 2009          | 2010                              | 2009            |
| Net income from consolidated operations   | \$ 870                             | \$ 934        | \$ 2,635                          | \$ 2,668        |
| Holding gains (losses) during the period, net of deferred taxes of \$21, \$(1), \$45 and \$(2)  | (36)                               | 2             | (77)                              | 6               |
| Reclassification adjustments for losses (gains) included in net income attributable to Comcast Corporation, net of deferred taxes of \$(1), \$(3), \$(4) and \$(17) | 2                                  | 6             | 7                                 | 31              |
| Cumulative translation adjustments  | 4                                  |               |                                   | 4               |
| Comprehensive income  | 840                                | 942           | 2,565                             | 2,709           |
| Net (income) loss attributable to noncontrolling interests  | (3)                                | 10            | (18)                              | 15              |
| <b>Comprehensive income attributable to Comcast Corporation</b>   | <b>\$ 837</b>                      | <b>\$ 952</b> | <b>\$ 2,547</b>                   | <b>\$ 2,724</b> |

See notes to condensed consolidated financial statements.

---

**Table of Contents**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**

**Note 1: Condensed Consolidated Financial Statements**

**Basis of Presentation**

We have prepared these unaudited condensed consolidated financial statements based on Securities and Exchange Commission ( SEC ) rules that permit reduced disclosure for interim periods. These financial statements include all adjustments that are necessary for a fair presentation of our results of operations and financial condition for the periods shown, including normal, recurring accruals and other items. We also evaluated events or transactions that occurred after the balance sheet date through the issuance date of these financial statements to determine if financial statement recognition or additional disclosure is required. The results of operations for the interim periods presented are not necessarily indicative of results for the full year.

The year-end condensed consolidated balance sheet was derived from audited financial statements but does not include all disclosures required by generally accepted accounting principles in the United States ( GAAP ). For a more complete discussion of our accounting policies and certain other information, refer to our annual financial statements for the preceding fiscal year as filed with the SEC.

Reclassifications have been made to the prior year's condensed consolidated financial statements between revenue and operating expenses to conform to classifications used in 2010.

**Note 2: Recent Accounting Guidance**

**Consolidation of Variable Interest Entities**

In June 2009, the Financial Accounting Standards Board ( FASB ) updated the accounting guidance related to the consolidation of variable interest entities ( VIEs ). The updated guidance (i) requires an ongoing reassessment of whether an enterprise is the primary beneficiary of a VIE, (ii) changes the quantitative approach previously required for determining the primary beneficiary of a VIE and replaces it with a qualitative approach, and (iii) requires additional disclosure about an enterprise's involvement in VIEs. We adopted the updated guidance on January 1, 2010 and it did not impact our consolidated financial statements.

**Note 3: Earnings Per Share**

Basic earnings per common share attributable to Comcast Corporation shareholders ( basic EPS ) is computed by dividing net income attributable to Comcast Corporation by the weighted-average number of common shares outstanding during the period.

Our potentially dilutive securities include potential common shares related to our stock options and our restricted share units ( RSUs ). Diluted earnings per common share attributable to Comcast Corporation shareholders ( diluted EPS ) considers the impact of potentially dilutive securities using the treasury stock method, except in periods in which there is a loss, because the inclusion of the potential common shares would have an antidilutive effect. Diluted EPS excludes the impact of potential common shares related to our stock options in periods in which the option exercise price is greater than the average market price of our Class A common stock or our Class A Special common stock, as applicable.

Diluted EPS for the three and nine months ended September 30, 2010 excludes approximately 178 million and 189 million, respectively, of potential common shares related to our share-based compensation plans, because the inclusion of the potential common shares would have had an antidilutive effect. For the three and nine months ended September 30, 2009, diluted EPS excludes approximately 199 million and 196 million, respectively, of potential common shares.

Table of Contents**Computation of Diluted EPS**

|   | Three Months Ended September 30                            |              |                     |  |              |                     |
|---|--|--------------|---------------------|--|--------------|---------------------|
|   | 2010   |              |                     | 2009   |              |                     |
| (in millions, except per share data)                                | Net<br>Income<br>Attributable to<br>Comcast<br>Corporation | Shares       | Per Share<br>Amount | Net<br>Income<br>Attributable to<br>Comcast<br>Corporation | Shares       | Per Share<br>Amount |
| Basic EPS attributable to Comcast Corporation shareholders          | \$ 867   | 2,802        | \$ 0.31             | \$ 944   | 2,872        | \$ 0.33             |
| Effect of dilutive securities:                                      |  |              |                     |  |              |                     |
| Assumed exercise or issuance of shares relating to stock plans      |  | 8            |                     |  | 5            |                     |
| <b>Diluted EPS attributable to Comcast Corporation shareholders</b> | <b>\$ 867</b>  | <b>2,810</b> | <b>\$ 0.31</b>      | <b>\$ 944</b>  | <b>2,877</b> | <b>\$ 0.33</b>      |

|   | Nine Months Ended September 30                             |              |                     |  |              |                     |
|---|--|--------------|---------------------|--|--------------|---------------------|
|   | 2010   |              |                     | 2009   |              |                     |
| (in millions, except per share data)                                | Net<br>Income<br>Attributable to<br>Comcast<br>Corporation | Shares       | Per Share<br>Amount | Net<br>Income<br>Attributable to<br>Comcast<br>Corporation | Shares       | Per Share<br>Amount |
| Basic EPS attributable to Comcast Corporation shareholders          | \$ 2,617   | 2,816        | \$ 0.93             | \$ 2,683   | 2,882        | \$ 0.93             |
| Effect of dilutive securities:                                      |  |              |                     |  |              |                     |
| Assumed exercise or issuance of shares relating to stock plans      |  | 10           |                     |  | 8            |                     |
| <b>Diluted EPS attributable to Comcast Corporation shareholders</b> | <b>\$ 2,617</b>  | <b>2,826</b> | <b>\$ 0.93</b>      | <b>\$ 2,683</b>  | <b>2,890</b> | <b>\$ 0.93</b>      |

**Note 4: Acquisitions and Other Significant Events*****NBC Universal Transaction***

We entered into agreements with General Electric Company ( GE ) in December 2009 to form a new company of which we will own 51% and control, with the remaining 49% to be owned by GE. Under the terms of the transaction, GE will contribute NBC Universal's businesses, including its cable and broadcast networks, filmed entertainment, televised entertainment, theme parks and unconsolidated investments, as well as other GE assets used primarily in NBC Universal's business. NBC Universal sold \$4.0 billion aggregate principal amount of senior notes in April 2010 and \$5.1 billion aggregate principal amount of senior notes in October 2010 in connection with the transaction. We will contribute our national programming networks, our regional sports networks and certain of our Internet businesses, as well as other assets used primarily in those businesses. We will also make a cash payment to GE of \$7.1 billion, less certain adjustments primarily based on the free cash flow generated by NBC Universal between December 4, 2009 and the closing. The transaction is subject to various regulatory approvals and is expected to close by the end of 2010.

GE will be entitled to cause the new company to redeem half of GE's interest 3.5 years after the closing and its remaining interest 7 years after the closing. If GE exercises its first redemption right, we have the right to purchase the remainder of GE's interest at that time. If GE does not exercise its first redemption right, we have the right to purchase half of GE's interest 5 years after the closing. We also will have the right to purchase GE's remaining interest, if any, 8 years after the closing. The redemption and purchase price will equal the ownership percentage being acquired multiplied by 120% of the fully distributed public market trading value of the new company, less half of the excess of 120% of that value over \$28.15 billion. Subject to various limitations, we are committed to fund up to \$2.875 billion in cash or common stock for each of the two redemptions (for an aggregate of up to \$5.75 billion), with amounts not used in the first redemption to be available for the second redemption.

## Edgar Filing: COMCAST CORP - Form 10-Q

The results of operations for the new company will be consolidated with our results of operations, as we will control the new company. When the transaction is completed, the NBC Universal businesses will be recorded at

**Table of Contents**

their fair value and the businesses we contribute will be recorded at their historical or carry-over basis. GE's interest will be recorded in our consolidated financial statements as a redeemable noncontrolling interest.

**Other**

During the nine months ended September 30, 2010, we acquired CIMCO Communications, Inc. ( CIMCO ), a phone and high-speed Internet service provider for businesses, Paciolan, Inc. ( Paciolan ), a developer of automated ticketing software, New Global Telecom, Inc. ( NGT ), a phone service provider for small to medium-sized businesses, and made other smaller acquisitions. The aggregate purchase price of all these acquisitions was approximately \$195 million. The results of operations for CIMCO and NGT are reported in our Cable segment. Paciolan is managed by Comcast Spectacor, whose results of operations are reported in Corporate and Other. The results of operations for these acquisitions have been included in our consolidated results of operations since their respective acquisition dates and were not material to our consolidated financial statements.

**Note 5: Investments**

| (in millions)   | September 30,<br>2010 | December 31,<br>2009 |
|---|-----------------------|----------------------|
| Fair value method   | \$ 2,644              | \$ 1,933             |
| Equity method, primarily SpectrumCo and Clearwire           | 2,087                 | 2,341                |
| Cost method, primarily AirTouch redeemable preferred shares | 1,722                 | 1,723                |
| Total investments   | 6,453                 | 5,997                |
| Less: Current investments                                   | 72                    | 50                   |
| <b>Noncurrent investments</b>                               | <b>\$ 6,381</b>       | <b>\$ 5,947</b>      |

As of September 30, 2010 and December 31, 2009, the estimated fair value of the AirTouch redeemable preferred stock was \$1.731 billion and \$1.524 billion, respectively, which exceeded our carrying basis as of each date.

**Components of Investment Income (Loss), Net**

| (in millions)   | Three Months Ended<br>September 30 |               | Nine Months Ended<br>September 30 |               |
|---|------------------------------------|---------------|-----------------------------------|---------------|
|   | 2010                               | 2009          | 2010                              | 2009          |
| Gains on sales and exchanges of investments, net                                      | \$ 3                               | \$ 10         | \$ 14                             | \$ 14         |
| Investment impairment losses  | (10)                               | (2)           | (24)                              | (21)          |
| Unrealized gains (losses) on securities underlying prepaid forward sale agreements    | 475                                | 456           | 706                               | 836           |
| Mark to market adjustments on derivative component of prepaid forward sale agreements | (399)                              | (357)         | (545)                             | (697)         |
| Mark to market adjustments on derivative component of ZONES                           | (1)                                | 2             | 1                                 | 6             |
| Interest and dividend income  | 25                                 | 25            | 70                                | 79            |
| Other, net  | 16                                 | 14            | (12)                              | 1             |
| <b>Investment income (loss), net</b>  | <b>\$ 109</b>                      | <b>\$ 148</b> | <b>\$ 210</b>                     | <b>\$ 218</b> |

**Note 6: Goodwill**

| (in millions)                      | Cable            | Programming     | Corporate<br>and<br>Other | Total            |
|------------------------------------|------------------|-----------------|---------------------------|------------------|
| Balance, December 31, 2009(a)      | \$ 12,828        | \$ 1,630        | \$ 475                    | \$ 14,933        |
| Acquisitions                       | 74               | 13              | 10                        | 97               |
| Settlements and adjustments        | (1)              |                 |                           | (1)              |
| <b>Balance, September 30, 2010</b> | <b>\$ 12,901</b> | <b>\$ 1,643</b> | <b>\$ 485</b>             | <b>\$ 15,029</b> |

## Edgar Filing: COMCAST CORP - Form 10-Q

- (a) The December 31, 2009 Cable segment and Corporate and Other amounts have been adjusted for segment reclassifications to be consistent with our 2010 management reporting presentation.



**Table of Contents**

**Note 7: Long-Term Debt**

In March 2010, we issued \$1.4 billion principal amount of 5.15% notes due 2020 and \$1.0 billion principal amount of 6.4% notes due 2040. The net proceeds of these issuances will be used for working capital and general corporate purposes, which may include the repayment of debt at its maturity and funding a portion of our payment to GE due upon closing of the NBC Universal transaction.

**Note 8: Fair Value Measurements and Derivative Financial Instruments**

We use derivative financial instruments to manage our exposure to the risks associated with fluctuations in interest rates and equity prices. Our objective is to manage the financial and operational exposure arising from these risks by offsetting gains and losses on the underlying exposures with gains and losses on the derivatives used to economically hedge them. Derivative financial instruments that receive designated hedge accounting treatment are evaluated for effectiveness at the time they are designated, as well as throughout the hedging period. We do not engage in any speculative or leveraged derivative transactions. All derivative transactions must comply with a derivatives policy authorized by our Board of Directors.

We manage the credit risks associated with our derivative financial instruments through the evaluation and monitoring of the creditworthiness of the counterparties. Although we may be exposed to losses in the event of nonperformance by the counterparties, we do not expect such losses, if any, to be significant.

We manage our exposure to and benefits from price fluctuations in the common stock of some of our investments by using equity derivative financial instruments embedded in other contracts, such as prepaid forward sale agreements, whose values, in part, are derived from the market value of certain publicly traded common stock.

We periodically examine the instruments we use to hedge exposure to interest rate and equity price risks to ensure that the instruments are matched with underlying assets or liabilities, to reduce our risks relating to changes in interest rates or equity prices and, through market value and sensitivity analysis, to maintain a high correlation to the risk inherent in the hedged item. For those instruments that do not meet the above conditions, and for those derivative financial instruments that are not designated as a hedge, changes in fair value are recognized on a current basis in earnings.

As of September 30, 2010, our derivative financial instruments designated as hedges included (i) the derivative component of one of our prepaid forward sale agreements, which is recorded to other noncurrent liabilities, (ii) our interest rate swap agreements, which are recorded to other current or noncurrent assets or liabilities, and (iii) our interest rate collars, which are recorded to other current liabilities. Changes in the fair value of the derivative component of our prepaid forward sale agreements are recorded to investment income (loss), net. Changes in the fair value of our interest rate swap agreements are recorded to interest expense. These amounts are completely offset by changes in the fair value of the related debt because the swaps are deemed to be 100% effective. The difference between variable and fixed rates to be paid or received under the terms of the interest rate swap agreements is accrued as interest rates change and recognized as an adjustment to interest expense for the related debt. The effective portion of changes in the fair value of our interest rate collars is recorded to accumulated other comprehensive income (loss). The ineffective portion, if any, of changes in the fair value of our interest rate collars is recorded to investment income (loss), net.

As of September 30, 2010, our derivative financial instruments not designated as hedges included (i) the derivative component of our indexed debt instruments (our ZONES debt), which is recorded to long-term debt, and (ii) the derivative component of certain of our prepaid forward sale agreements, which is recorded to other current and noncurrent liabilities.

As of September 30, 2010, our debt had an estimated fair value of \$34.932 billion. The estimated fair value of our publicly traded debt is based on quoted market values for the debt. To estimate the fair value of debt for which there are no quoted market prices, we use interest rates available to us for debt with similar terms and remaining maturities.

**Table of Contents**

The accounting guidance related to financial assets and financial liabilities ( financial instruments ) establishes a hierarchy that prioritizes fair value measurements based on the types of inputs used for the various valuation techniques (market approach, income approach and cost approach). Level 1 consists of financial instruments whose value is based on quoted market prices for identical financial instruments in an active market. Level 2 consists of financial instruments that are valued using models or other valuation methodologies. These models use inputs that are observable either directly or indirectly. Level 3 consists of financial instruments whose values are determined using pricing models that use significant inputs that are primarily unobservable, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. Our financial instruments that are accounted for at fair value on a recurring basis are presented in the table below.

**Recurring Fair Value Measures**

| (in millions)   | Fair value as of September 30, 2010 |                 |             |                 | December 31, 2009 |
|---|-------------------------------------|-----------------|-------------|-----------------|-------------------|
|   | Level 1                             | Level 2         | Level 3     | Total           | Total             |
| <b>Assets</b>   |                                     |                 |             |                 |                   |
| Trading securities                                      | \$ 2,544                            | \$              | \$          | \$ 2,544        | \$ 1,855          |
| Available-for-sale securities                           | 98                                  |                 |             | 98              | 76                |
| Equity warrants   |                                     |                 | 2           | 2               | 2                 |
| Interest rate swap agreements                           |                                     | 321             |             | 321             | 143               |
|   | <b>\$ 2,642</b>                     | <b>\$ 321</b>   | <b>\$ 2</b> | <b>\$ 2,965</b> | <b>\$ 2,076</b>   |
| <b>Liabilities</b>                                      |                                     |                 |             |                 |                   |
| Derivative component of ZONES                           | \$                                  | \$ 14           | \$          | \$ 14           | \$ 15             |
| Derivative component of prepaid forward sale agreements |                                     | 894             |             | 894             | 349               |
| Interest rate swap agreements                           |                                     | 1               |             | 1               | 1                 |
| Interest rate collars                                   |                                     | 124             |             | 124             |                   |
|   | <b>\$</b>                           | <b>\$ 1,033</b> | <b>\$</b>   | <b>\$ 1,033</b> | <b>\$ 365</b>     |

**Amount of Gain (Loss) Recognized in Income on Derivative Financial Instruments**

| (in millions)   | Three Months Ended |               | Nine Months Ended |               |
|---|--------------------|---------------|-------------------|---------------|
|   | September 30       |               | September 30      |               |
|   | 2010               | 2009          | 2010              | 2009          |
| <b>Designated Fair Value Hedging Relationships</b>                                    |                    |               |                   |               |
| Interest Income (Expense):  |                    |               |                   |               |
| Interest rate swap agreements (fixed to variable)                                     | \$ 60              | \$ 43         | \$ 178            | \$ (108)      |
| Long-term debt interest rate swap agreements (fixed to variable)                      | (60)               | (43)          | (178)             | 108           |
| Investment Income (Expense):  |                    |               |                   |               |
| Unrealized gains (losses) on securities underlying prepaid forward sale agreement     | 13                 | 22            | 29                | 35            |
| Mark to market adjustments on derivative component of prepaid forward sale agreement  | (8)                | (16)          | (15)              | (28)          |
| Gain (loss) on fair value hedging relationships                                       | 5                  | 6             | 14                | 7             |
| <b>Nondesignated</b>  |                    |               |                   |               |
| Investment Income (Expense):  |                    |               |                   |               |
| Unrealized gains (losses) on securities underlying prepaid forward sale agreements    | 462                | 434           | 677               | 801           |
| Mark to market adjustments on derivative component of prepaid forward sale agreements | (391)              | (341)         | (530)             | (669)         |
| Mark to market adjustments on derivative component of ZONES                           | (1)                | 2             | 1                 | 6             |
| <b>Total gain (loss)</b>  | <b>\$ 75</b>       | <b>\$ 101</b> | <b>\$ 162</b>     | <b>\$ 145</b> |

**Table of Contents**

The difference between variable and fixed rates received under the terms of our interest rate swap agreements reduced interest expense by approximately \$33 million and \$98 million during the three and nine months ended September 30, 2010, respectively. These amounts during the three and nine months ended September 30, 2009 were approximately \$26 million and \$74 million, respectively.

**Note 9: Noncontrolling Interests**

Certain of our subsidiaries that we consolidate are not wholly owned. Some of the agreements with the minority partners of these subsidiaries contain redemption features whereby interests held by the minority partners are redeemable either (i) at the option of the holder or (ii) upon the occurrence of an event that is not solely within our control. If interests were to be redeemed under these agreements, we would generally be required to purchase the interest at fair value on the date of redemption. These interests are presented on the balance sheet outside of equity under the caption Redeemable noncontrolling interests. Noncontrolling interests that do not contain such redemption features are presented in equity.

During the nine months ended September 30, 2010, we acquired all of the noncontrolling interest of one of our technology ventures, which had a carrying value of approximately \$20 million, for approximately \$9 million. The difference between the amount paid and the carrying value of the noncontrolling interest resulted in an increase of approximately \$11 million to additional paid-in capital of Comcast Corporation.

The table below presents the changes in equity resulting from net income attributable to Comcast Corporation and transfers to or from noncontrolling interests.

| (in millions)   | Nine Months Ended    |                      |
|---|----------------------|----------------------|
|   | September 30<br>2010 | September 30<br>2009 |
| Net income attributable to Comcast Corporation  | \$ 2,617             | \$ 2,683             |
| Transfers from (to) noncontrolling interests:   |                      |                      |
| Increase in Comcast Corporation additional paid-in capital resulting from the purchase of noncontrolling interest | 11                   | 30                   |
| Changes from net income attributable to Comcast Corporation and transfers from (to) noncontrolling interests      | \$ 2,628             | \$ 2,713             |

**Note 10: Equity****Share-Based Compensation**

Our Board of Directors may grant share-based awards, in the form of stock options and RSUs, to certain employees and directors. Additionally, through our employee stock purchase plan, employees are able to purchase shares of Comcast Class A common stock at a discount through payroll deductions.

In March 2010, we granted 30.9 million stock options and 8.4 million RSUs related to our annual management grant program. The fair values associated with these grants were \$5.11 per stock option and \$16.87 per RSU.

**Recognized Share-Based Compensation Expense**

| (in millions)                | Three Months Ended<br>September 30 |              | Nine Months Ended<br>September 30 |               |
|------------------------------|------------------------------------|--------------|-----------------------------------|---------------|
|                              | 2010                               | 2009         | 2010                              | 2009          |
| Stock options                | \$ 25                              | \$ 28        | \$ 78                             | \$ 75         |
| Restricted share units       | 32                                 | 29           | 100                               | 69            |
| Employee stock purchase plan | 3                                  | 3            | 9                                 | 10            |
| <b>Total</b>                 | <b>\$ 60</b>                       | <b>\$ 60</b> | <b>\$ 187</b>                     | <b>\$ 154</b> |

As of September 30, 2010, there was \$312 million of unrecognized pretax compensation cost related to nonvested stock options and \$312 million related to nonvested RSUs.



**Table of Contents**

The employee cost associated with participation in the employee stock purchase plan was satisfied with payroll deductions of approximately \$13 million and \$39 million for the three and nine months ended September 30, 2010, respectively. For the three and nine months ended September 30, 2009, the employee cost was \$11 million and \$38 million, respectively.

**Accumulated Other Comprehensive Income (Loss)**

| (in millions)  | September 30,   |                |
|--|-----------------|----------------|
|  | 2010            | 2009           |
| Unrealized gains (losses) on marketable securities                   | \$ 22           | \$ 23          |
| Deferred gains (losses) on cash flow hedges                          | (133)           | (64)           |
| Unrealized gains (losses) on employee benefit obligations            | (5)             | (31)           |
| Accumulated other comprehensive income (loss), net of deferred taxes | <b>\$ (116)</b> | <b>\$ (72)</b> |

Deferred losses on cash flow hedges in the table above relate primarily to interest rate lock agreements and interest rate collars. As of September 30, 2010, we expect \$16 million of unrealized losses, \$10 million net of deferred taxes, related to the interest rate lock agreements, to be reclassified as an adjustment to interest expense over the next 12 months.

**Note 11: Statement of Cash Flows Supplemental Information**

The table below presents adjustments to reconcile net income from consolidated operations to net cash provided by operating activities.

| (in millions)  | Nine Months Ended |                 |
|--|-------------------|-----------------|
|  | September 30      |                 |
|  | 2010              | 2009            |
| Net income from consolidated operations  | \$ 2,635          | \$ 2,668        |
| Adjustments to reconcile net income from consolidated operations to net cash provided by operating activities: |                   |                 |
| Depreciation   | 4,167             | 4,148           |
| Amortization   | 746               | 760             |
| Share-based compensation   | 226               | 192             |
| Noncash interest expense (income), net   | 105               | 125             |
| Equity in net (income) losses of affiliates, net   | 98                | 44              |
| (Gains) losses on investments and noncash other (income) expense, net  | (78)              | (146)           |
| Deferred income taxes  | (241)             | 572             |
| Changes in operating assets and liabilities, net of effects of acquisitions and divestitures:                  |                   |                 |
| Change in accounts receivable, net   | (145)             | (11)            |
| Change in accounts payable and accrued expenses related to trade creditors                                     | 57                | (73)            |
| Change in other operating assets and liabilities   | 162               | (554)           |
| <b>Net cash provided by operating activities</b>   | <b>\$ 7,732</b>   | <b>\$ 7,725</b> |

**Cash Payments for Interest and Income Taxes**

| (in millions) | Three Months Ended |        | Nine Months Ended |          |
|---------------|--------------------|--------|-------------------|----------|
|               | September 30       |        | September 30      |          |
|               | 2010               | 2009   | 2010              | 2009     |
| Interest      | \$ 661             | \$ 615 | \$ 1,630          | \$ 1,678 |
| Income Taxes  | \$ 668             | \$ 194 | \$ 1,794          | \$ 940   |

**Noncash Financing and Investing Activities**

## Edgar Filing: COMCAST CORP - Form 10-Q

During the nine months ended September 30, 2010, we:

recorded a liability of approximately \$264 million for a quarterly cash dividend of \$0.0945 per common share paid in October 2010, which is a noncash financing activity

**Table of Contents**

acquired approximately \$554 million of property and equipment and software that was accrued but unpaid, which is a noncash investing activity

**Note 12: Commitments and Contingencies**

**Commitments**

One of our subsidiaries supports debt compliance with respect to obligations of a cable system in which we hold an ownership interest, which expires March 2011. Although there can be no assurance, we believe that this cable system will be able to support its debt compliance requirements on its own and that we will not be required to fund our obligation under this commitment. The total notional amount of our commitment was \$410 million as of September 30, 2010, at which time there were no quoted market prices for similar agreements.

**Contingencies**

***Antitrust Cases***

We are defendants in two purported class actions originally filed in December 2003 in the United States District Courts for the District of Massachusetts and the Eastern District of Pennsylvania. The potential class in the Massachusetts case, which has been transferred to the Eastern District of Pennsylvania, is our customer base in the Boston Cluster area, and the potential class in the Pennsylvania case is our customer base in the Philadelphia and Chicago Clusters, as those terms are defined in the complaints. In each case, the plaintiffs allege that certain customer exchange transactions with other cable providers resulted in unlawful horizontal market restraints in those areas and seek damages under antitrust statutes, including treble damages.

Classes of Philadelphia Cluster and Chicago Cluster customers were certified in May 2007 and October 2007, respectively. In March 2009, as a result of a Third Circuit Court of Appeals decision clarifying the standards for class certification, the order certifying the Philadelphia Cluster class was vacated without prejudice to the plaintiffs filing a new motion. In January 2010, in its decision on the plaintiffs' new motion, the Eastern District of Pennsylvania certified a class subject to certain limitations. In June 2010, the Third Circuit Court of Appeals granted our petition for an interlocutory appeal from the class certification decision. In March 2010, we moved for summary judgment dismissing all of the plaintiffs' claims in the Philadelphia Cluster; the summary judgment motion is stayed pending the class certification appeal. The plaintiffs' claims concerning the other two clusters are stayed pending determination of the Philadelphia Cluster claims.

We also are among the defendants in a purported class action filed in the United States District Court for the Central District of California in September 2007. The potential class is comprised of all persons residing in the United States who have subscribed to an expanded basic level of video service provided by one of the defendants. The plaintiffs allege that the defendants who produce video programming have entered into agreements with the defendants who distribute video programming via cable and satellite (including us), which preclude the distributor defendants from reselling channels to customers on an unbundled basis in violation of federal antitrust laws. The plaintiffs seek treble damages and injunctive relief requiring each distributor defendant to resell certain channels to its customers on an unbundled basis. In October 2009, the Central District of California issued an order dismissing the plaintiffs' complaint with prejudice. The plaintiffs have appealed that order to the Ninth Circuit Court of Appeals.

In addition, we are the defendant in 22 purported class actions filed in federal district courts throughout the country. All of these actions have been consolidated by the Judicial Panel on Multidistrict Litigation in the United States District Court for the Eastern District of Pennsylvania for pre-trial proceedings. In a consolidated complaint filed in November 2009 on behalf of all plaintiffs in the multi-district litigation, the plaintiffs allege that we improperly tie the rental of set-top boxes to the provision of premium cable services in violation of Section 1 of the Sherman Antitrust Act, various state antitrust laws and unfair/deceptive trade practices acts in California, Illinois and Alabama. The plaintiffs also allege a claim for unjust enrichment and seek relief on behalf of a nationwide class of our premium cable customers and on behalf of subclasses consisting of premium cable customers from California, Alabama, Illinois, Pennsylvania and Washington. In January 2010, we moved to compel arbitration of the plaintiffs' claims for unjust enrichment and violations of the unfair/deceptive trade practices acts of Illinois and Alabama. In September 2010, the plaintiffs filed an amended complaint alleging

---

**Table of Contents**

violations of additional state antitrust laws and unfair/deceptive trade practices acts on behalf of new subclasses in Connecticut, Florida, Minnesota, Missouri, New Jersey, New Mexico and West Virginia. In the amended complaint, plaintiffs dropped their unjust enrichment claim, as well as their state law claims on behalf of the Alabama, Illinois, and Pennsylvania subclasses.

The West Virginia Attorney General also filed a complaint in West Virginia state court in July 2009 alleging that we improperly tie the rental of set-top boxes to the provision of premium cable services in violation of the West Virginia Antitrust Act and the West Virginia Consumer Credit and Protection Act. The Attorney General also alleges a claim for unjust enrichment/restitution. We removed the case to the United States District Court for West Virginia, and it was subsequently transferred to the United States District Court for the Eastern District of Pennsylvania and consolidated with the multi-district litigation described above. In March 2010, the Eastern District of Pennsylvania denied the Attorney General's motion to remand the case back to West Virginia state court. In June 2010, the Attorney General moved to sever and remand the portion of his claims seeking civil penalties and injunctive relief back to West Virginia state court. We filed a brief in opposition to the motion in July 2010.

***ERISA Litigation***

We and several of our current officers have been named as defendants in a purported class action lawsuit filed in the United States District Court for the Eastern District of Pennsylvania in February 2008. The potential class comprises participants in our retirement investment (401(k)) plan that invested in the plan's company stock account. The plaintiffs assert that the defendants breached their fiduciary duties under the Employee Retirement Income Security Act of 1974 (ERISA) in managing the plan by allowing participants to continue to invest in the company stock account during a time in 2007 when we allegedly knew (but had not disclosed) that we would not meet our forecasted results. In July 2010, the parties agreed to settle this action with a payment by us of \$5 million and our agreement to take certain action with respect to the administration of the plan.

***Other***

We are a defendant in several unrelated lawsuits claiming infringement of various patents relating to various aspects of our businesses. In certain of these cases other industry participants are also defendants, and also in certain of these cases we expect that any potential liability would be in part or in whole the responsibility of our equipment and technology vendors under applicable contractual indemnification provisions. We are also subject to other legal proceedings and claims that arise in the ordinary course of our business. While the amount of ultimate liability with respect to such actions is not expected to materially affect our financial position, results of operations or cash flows, any litigation resulting from any such legal proceedings or claims could be time consuming, costly and injure our reputation.

\* \* \*

We believe the claims in each of the actions described above in this item are without merit and intend to defend the actions vigorously. Although we cannot predict the outcome of any of the actions described above or how the final resolution of any such actions would impact our results of operations or cash flows for any one period or our consolidated financial condition, the final disposition of any of the above actions is not expected to have a material adverse effect on our consolidated financial position, but could possibly be material to our consolidated results of operations or cash flows for any one period.



**Table of Contents****Note 13: Financial Data by Business Segment**

Our reportable segments consist of our Cable and Programming businesses. In evaluating the profitability of our segments, the components of net income (loss) below operating income (loss) before depreciation and amortization are not separately evaluated by our management. Assets are not allocated to segments for management reporting, although over 95% of our assets relate to the Cable segment. Our financial data by business segment is presented in the table below.

| (in millions)  | Cable(a)(b) | Programming(c) | Corporate and Other(d)(e) | Eliminations(f) | Total     |
|--|-------------|----------------|---------------------------|-----------------|-----------|
| <b>Three months ended September 30, 2010</b>                       |             |                |                           |                 |           |
| Revenue(g)   | \$ 8,981    | \$ 416         | \$ 174                    | \$ (82)         | \$ 9,489  |
| Operating income (loss) before depreciation and amortization(h)    | 3,546       | 150            | (115)                     | (3)             | 3,578     |
| Depreciation and amortization                                      | 1,552       | 52             | 29                        | (9)             | 1,624     |
| Operating income (loss)  | 1,994       | 98             | (144)                     | 6               | 1,954     |
| Capital expenditures   | 1,318       | 7              | 41                        |                 | 1,366     |
| <b>Three months ended September 30, 2009</b>                       |             |                |                           |                 |           |
| Revenue(g)(i)(j)   | \$ 8,402    | \$ 383         | \$ 153                    | \$ (93)         | \$ 8,845  |
| Operating income (loss) before depreciation and amortization(h)(i) | 3,312       | 118            | (104)                     |                 | 3,326     |
| Depreciation and amortization(i)                                   | 1,545       | 49             | 26                        | (5)             | 1,615     |
| Operating income (loss)(i)   | 1,767       | 69             | (130)                     | 5               | 1,711     |
| Capital expenditures   | 1,212       | 9              | 6                         |                 | 1,227     |
| <b>Nine months ended September 30, 2010</b>                        |             |                |                           |                 |           |
| Revenue(g)   | \$ 26,607   | \$ 1,255       | \$ 630                    | \$ (276)        | \$ 28,216 |
| Operating income (loss) before depreciation and amortization(h)    | 10,786      | 423            | (326)                     | (3)             | 10,880    |
| Depreciation and amortization                                      | 4,696       | 155            | 84                        | (22)            | 4,913     |
| Operating income (loss)  | 6,090       | 268            | (410)                     | 19              | 5,967     |
| Capital expenditures   | 3,351       | 19             | 59                        |                 | 3,429     |
| <b>Nine months ended September 30, 2009</b>                        |             |                |                           |                 |           |
| Revenue(g)(i)(j)   | \$ 25,303   | \$ 1,128       | \$ 509                    | \$ (251)        | \$ 26,689 |
| Operating income (loss) before depreciation and amortization(h)(i) | 10,215      | 343            | (252)                     | (1)             | 10,305    |
| Depreciation and amortization(i)                                   | 4,708       | 146            | 76                        | (22)            | 4,908     |
| Operating income (loss)(i)   | 5,507       | 197            | (328)                     | 21              | 5,397     |
| Capital expenditures   | 3,450       | 23             | 35                        |                 | 3,508     |

(a) Cable segment revenue was derived from the following services:

|                     | Three Months Ended |        | Nine Months Ended |        |
|---------------------|--------------------|--------|-------------------|--------|
|                     | September 30       |        | September 30      |        |
|                     | 2010               | 2009   | 2010              | 2009   |
| Video(j)            | 54.3%              | 56.9%  | 55.0%             | 57.7%  |
| High-speed Internet | 24.1%              | 23.1%  | 23.9%             | 22.9%  |
| Phone               | 10.4%              | 9.9%   | 10.2%             | 9.6%   |
| Advertising(j)      | 5.1%               | 4.3%   | 4.8%              | 4.0%   |
| Franchise fees      | 2.8%               | 2.8%   | 2.8%              | 2.8%   |
| Other(j)            | 3.3%               | 3.0%   | 3.3%              | 3.0%   |
| Total               | 100.0%             | 100.0% | 100.0%            | 100.0% |

## Edgar Filing: COMCAST CORP - Form 10-Q

Subscription revenue received from customers who purchase bundled services at a discounted rate is allocated proportionally to each service based on the individual service's price on a stand-alone basis.

(b) Our Cable segment includes our regional sports networks.

(c) Our Programming segment consists primarily of our consolidated national programming networks, E!, Golf Channel, VERSUS, G4 and Style.

**Table of Contents**

(d) Corporate and Other activities include Comcast Interactive Media, Comcast Spectacor, a portion of the operating results of our less than wholly owned technology development ventures (see (e) below), corporate activities and all other businesses not presented in our Cable or Programming segments.

(e) We consolidate our less than wholly owned technology development ventures that we control or of which we are considered the primary beneficiary. These ventures are with Motorola. The ventures have been created to share the costs of development of new technologies for set-top boxes and other devices. The results of these entities are included within Corporate and Other except for cost allocations, which are made to the Cable segment based on our percentage ownership in each entity.

(f) Included in the Eliminations column are transactions that our segments enter into with one another. The most common types of transactions are the following:

our Programming segment generates revenue by selling cable network programming to our Cable segment, which represents a substantial majority of the revenue elimination amount

our Cable segment receives incentives offered by our Programming segment when negotiating programming contracts that are recorded as a reduction to programming expenses

our Cable segment generates revenue by selling advertising and by selling the use of satellite feeds to our Programming segment

our Cable segment generates revenue by providing network services to Comcast Interactive Media

(g) Non-U.S. revenue was not significant in any period. No single customer accounted for a significant amount of our revenue in any period.

(h) To measure the performance of our operating segments, we use operating income (loss) before depreciation and amortization, excluding impairments related to fixed and intangible assets, and gains or losses from the sale of assets, if any. This measure eliminates the significant level of noncash depreciation and amortization expense that results from the capital-intensive nature of our businesses and from intangible assets recognized in business combinations. It is also unaffected by our capital structure or investment activities. We use this measure to evaluate our consolidated operating performance, the operating performance of our operating segments, and to allocate resources and capital to our operating segments. It is also a significant performance measure in our annual incentive compensation programs. We believe that this measure is useful to investors because it is one of the bases for comparing our operating performance with other companies in our industries, although our measure may not be directly comparable to similar measures used by other companies. This measure should not be considered a substitute for operating income (loss), net income (loss) attributable to Comcast Corporation, net cash provided by operating activities, or other measures of performance or liquidity reported in accordance with GAAP.

(i) The 2009 Cable segment and Corporate and Other amounts have been adjusted for segment reclassifications to be consistent with our 2010 management reporting presentation. The adjustments resulted in the reclassification of revenue, operating income (loss) before depreciation and amortization, depreciation and amortization, and operating income from Corporate and Other to our Cable segment for the amounts presented below.

| (in millions)  | Three Months Ended<br>September 30,<br>2009 | Nine Months Ended<br>September 30,<br>2009 |
|--|---|--|
| Revenue  | \$ 2  | \$ 7                                       |
| Operating income (loss) before depreciation and amortization | \$ (2)                                      | \$ (6)                                     |
| Depreciation and amortization                                | \$ 4  | \$ 10                                      |
| Operating income (loss)                                      | \$ (6)                                      | \$ (16)                                    |

(j) Reclassifications have been made to prior year amounts between revenue and operating expenses to conform to classifications used in 2010.



**Table of Contents****Note 14: Condensed Consolidating Financial Information**

Comcast Corporation and four of our wholly owned cable holding company subsidiaries, Comcast Cable Communications, LLC ( CCCL ), Comcast MO Group, Inc. ( Comcast MO Group ), Comcast Cable Holdings, LLC ( CCH ) and Comcast MO of Delaware, LLC ( Comcast MO of Delaware ), have fully and unconditionally guaranteed each other's debt securities. Comcast MO Group, CCH and Comcast MO of Delaware are collectively referred to as the Combined CCHMO Parents.

Comcast Corporation provides an unconditional subordinated guarantee of the \$185 million principal amount currently outstanding of Comcast Holdings ZONES due October 2029 and the \$202 million principal amount currently outstanding of Comcast Holdings 10% senior subordinated debentures due 2012. Comcast Corporation does not guarantee the \$61 million principal amount currently outstanding of Comcast Holdings ZONES due November 2029. We have included Comcast Holdings condensed consolidated financial information for all periods presented. Our condensed consolidating financial information is presented in the tables below.

**Condensed Consolidating Balance Sheet****September 30, 2010**

|  | Combined         |                  |                  | Elimination and Consolidated |                   |                     |                   |
|--|------------------|------------------|------------------|------------------------------|-------------------|---------------------|-------------------|
|  | Comcast          | CCCL             | CCHMO            | Comcast                      | Non-Guarantor     | Consolidation       | Consolidated      |
| (in millions)  | Parent           | Parent           | Parents          | Holdings                     | Subsidiaries      | Adjustments         | Corporation       |
| <b>ASSETS</b>  |                  |                  |                  |                              |                   |                     |                   |
| Cash and cash equivalents  | \$               | \$               | \$               | \$                           | \$ 4,542          | \$                  | \$ 4,542          |
| Investments  |                  |                  |                  |                              | 72                |                     | 72                |
| Accounts receivable, net   |                  |                  |                  |                              | 1,868             |                     | 1,868             |
| Other current assets   | 170              |                  |                  |                              | 520               |                     | 690               |
| Total current assets   | 170              |                  |                  |                              | 7,002             |                     | 7,172             |
| Investments  |                  |                  |                  |                              | 6,381             |                     | 6,381             |
| Investments in and amounts due from subsidiaries eliminated upon consolidation | 67,962           | 85,786           | 48,960           | 71,404                       | 9,199             | (283,311)           |                   |
| Property and equipment, net  | 280              |                  |                  |                              | 23,048            |                     | 23,328            |
| Franchise rights   |                  |                  |                  |                              | 59,452            |                     | 59,452            |
| Goodwill   |                  |                  |                  |                              | 15,029            |                     | 15,029            |
| Other intangible assets, net   | 9                |                  |                  |                              | 3,741             |                     | 3,750             |
| Other noncurrent assets, net   | 1,161            | 61               |                  | 148                          | 863               | (820)               | 1,413             |
| <b>Total assets</b>  | <b>\$ 69,582</b> | <b>\$ 85,847</b> | <b>\$ 48,960</b> | <b>\$ 71,552</b>             | <b>\$ 124,715</b> | <b>\$ (284,131)</b> | <b>\$ 116,525</b> |
| <b>LIABILITIES AND EQUITY</b>  |                  |                  |                  |                              |                   |                     |                   |
| Accounts payable and accrued expenses related to trade creditors               | \$ 14            | \$ 3             | \$               | \$                           | \$ 3,280          | \$                  | \$ 3,297          |
| Accrued expenses and other current liabilities                                 | 1,028            | 264              | 32               | 262                          | 1,674             |                     | 3,260             |
| Current portion of long-term debt  | 1,261            | 1,000            |                  |                              | 39                |                     | 2,300             |
| Total current liabilities  | 2,303            | 1,267            | 32               | 262                          | 4,993             |                     | 8,857             |
| Long-term debt, less current portion   | 21,842           | 3,977            | 2,346            | 315                          | 258               |                     | 28,738            |
| Deferred income taxes  |                  |                  |                  | 686                          | 27,338            | (677)               | 27,347            |
| Other noncurrent liabilities   | 1,653            |                  |                  |                              | 6,061             | (143)               | 7,571             |
| Redeemable noncontrolling interests  |                  |                  |                  |                              | 144               |                     | 144               |
| Equity:  |                  |                  |                  |                              |                   |                     |                   |
| Common stock   | 32               |                  |                  |                              |                   |                     | 32                |

Edgar Filing: COMCAST CORP - Form 10-Q

|   |                  |                  |                  |                  |                   |                     |                   |
|---|------------------|------------------|------------------|------------------|-------------------|---------------------|-------------------|
| Other shareholders equity                     | 43,752           | 80,603           | 46,582           | 70,289           | 85,837            | (283,311)           | 43,752            |
| Total Comcast Corporation shareholders equity | 43,784           | 80,603           | 46,582           | 70,289           | 85,837            | (283,311)           | 43,784            |
| Noncontrolling interests                      |                  |                  |                  |                  | 84                |                     | 84                |
| Total equity                                  | 43,784           | 80,603           | 46,582           | 70,289           | 85,921            | (283,311)           | 43,868            |
| <b>Total liabilities and equity</b>           | <b>\$ 69,582</b> | <b>\$ 85,847</b> | <b>\$ 48,960</b> | <b>\$ 71,552</b> | <b>\$ 124,715</b> | <b>\$ (284,131)</b> | <b>\$ 116,525</b> |

**Table of Contents****Condensed Consolidating Balance Sheet****December 31, 2009**

|  | Combined         |                  |                  | Non-             |                   | Elimination         | Consolidated        |
|--|------------------|------------------|------------------|------------------|-------------------|---------------------|---------------------|
|  | Comcast          | CCCL             | CCHMO            | Comcast          | Guarantor         | and                 |                     |
| (in millions)  | Parent           | Parent           | Parents          | Holdings         | Subsidiaries      | Adjustments         | Comcast Corporation |
| <b>ASSETS</b>  |                  |                  |                  |                  |                   |                     |                     |
| Cash and cash equivalents  | \$               | \$               | \$               | \$               | \$ 671            | \$                  | \$ 671              |
| Investments  |                  |                  |                  |                  | 50                |                     | 50                  |
| Accounts receivable, net   |                  |                  |                  |                  | 1,711             |                     | 1,711               |
| Other current assets   | 169              | 2                |                  |                  | 620               |                     | 791                 |
| Total current assets   | 169              | 2                |                  |                  | 3,052             |                     | 3,223               |
| Investments  |                  |                  |                  |                  | 5,947             |                     | 5,947               |
| Investments in and amounts due from subsidiaries eliminated upon consolidation | 73,943           | 80,766           | 47,141           | 69,959           | 5,721             | (277,530)           |                     |
| Property and equipment, net  | 299              |                  |                  |                  | 23,556            |                     | 23,855              |
| Franchise rights   |                  |                  |                  |                  | 59,452            |                     | 59,452              |
| Goodwill   |                  |                  |                  |                  | 14,933            |                     | 14,933              |
| Other intangible assets, net   | 11               |                  |                  |                  | 4,094             |                     | 4,105               |
| Other noncurrent assets, net   | 419              | 13               |                  | 6                | 780               |                     | 1,218               |
| <b>Total assets</b>  | <b>\$ 74,841</b> | <b>\$ 80,781</b> | <b>\$ 47,141</b> | <b>\$ 69,965</b> | <b>\$ 117,535</b> | <b>\$ (277,530)</b> | <b>\$ 112,733</b>   |
| <b>LIABILITIES AND EQUITY</b>  |                  |                  |                  |                  |                   |                     |                     |
| Accounts payable and accrued expenses related to trade creditors               | \$ 14            | \$               | \$               | \$               | \$ 3,080          | \$                  | \$ 3,094            |
| Accrued expenses and other current liabilities                                 | 1,009            | 176              | 75               | 131              | 1,608             |                     | 2,999               |
| Current portion of long-term debt  | 1,100            |                  |                  |                  | 56                |                     | 1,156               |
| Total current liabilities  | 2,123            | 176              | 75               | 131              | 4,744             |                     | 7,249               |
| Long-term debt, less current portion   | 20,089           | 4,925            | 2,352            | 326              | 248               |                     | 27,940              |
| Deferred income taxes  | 8,068            |                  |                  | 697              | 19,035            |                     | 27,800              |
| Other noncurrent liabilities   | 1,840            |                  |                  | 171              | 4,756             |                     | 6,767               |
| Redeemable noncontrolling interests  |                  |                  |                  |                  | 166               |                     | 166                 |
| Equity:  |                  |                  |                  |                  |                   |                     |                     |
| Common stock   | 32               |                  |                  |                  |                   |                     | 32                  |
| Other shareholders equity  | 42,689           | 75,680           | 44,714           | 68,640           | 88,496            | (277,530)           | 42,689              |
| Total Comcast Corporation shareholders equity                                  | 42,721           | 75,680           | 44,714           | 68,640           | 88,496            | (277,530)           | 42,721              |
| Noncontrolling interests   |                  |                  |                  |                  | 90                |                     | 90                  |
| Total equity   | 42,721           | 75,680           | 44,714           | 68,640           | 88,586            | (277,530)           | 42,811              |
| <b>Total liabilities and equity</b>  | <b>\$ 74,841</b> | <b>\$ 80,781</b> | <b>\$ 47,141</b> | <b>\$ 69,965</b> | <b>\$ 117,535</b> | <b>\$ (277,530)</b> | <b>\$ 112,733</b>   |

**Table of Contents****Condensed Consolidating Statement of Operations****For the Three Months Ended September 30, 2010**

|  | Combined      |                 |               | Elimination     |                 |                   | Consolidated  |
|--|---------------|-----------------|---------------|-----------------|-----------------|-------------------|---------------|
|  | Comcast       | CCCL            | CCHMO         | Comcast         | Non-            | and               | Consolidated  |
| (in millions)  | Parent        | Parent          | Parents       | Holdings        | Guarantor       | Consolidation     | Comcast       |
|  |               |                 |               |                 | Subsidiaries    | Adjustments       | Corporation   |
| <b>Revenue:</b>  |               |                 |               |                 |                 |                   |               |
| Service revenue  | \$            | \$              | \$            | \$              | \$ 9,489        | \$                | \$ 9,489      |
| Management fee revenue                                       | 202           | 182             | 113           |                 |                 | (497)             |               |
|  | 202           | 182             | 113           |                 | 9,489           | (497)             | 9,489         |
| <b>Costs and Expenses:</b>                                   |               |                 |               |                 |                 |                   |               |
| Operating (excluding depreciation and amortization)          |               |                 |               |                 | 3,792           |                   | 3,792         |
| Selling, general and administrative                          | 106           | 182             | 113           | 15              | 2,200           | (497)             | 2,119         |
| Depreciation   | 8             |                 |               |                 | 1,369           |                   | 1,377         |
| Amortization   | 2             |                 |               |                 | 245             |                   | 247           |
|  | 116           | 182             | 113           | 15              | 7,606           | (497)             | 7,535         |
| Operating income (loss)                                      | 86            |                 |               | (15)            | 1,883           |                   | 1,954         |
| <b>Other Income (Expense):</b>                               |               |                 |               |                 |                 |                   |               |
| Interest expense   | (357)         | (101)           | (44)          | (8)             | (35)            |                   | (545)         |
| Investment income (loss), net                                | 2             |                 |               | (1)             | 108             |                   | 109           |
| Equity in net income (losses) of affiliates, net             | 1,057         | 1,119           | 701           | 1,137           | (40)            | (4,014)           | (40)          |
| Other income (expense)                                       | (24)          |                 |               |                 |                 |                   | (24)          |
|  | 678           | 1,018           | 657           | 1,128           | 33              | (4,014)           | (500)         |
| Income (loss) before income taxes                            | 764           | 1,018           | 657           | 1,113           | 1,916           | (4,014)           | 1,454         |
| Income tax (expense) benefit                                 | 103           | 36              | 16            | 9               | (748)           |                   | (584)         |
| Net income (loss) from consolidated operations               | 867           | 1,054           | 673           | 1,122           | 1,168           | (4,014)           | 870           |
| Net (income) loss attributable to noncontrolling interests   |               |                 |               |                 | (3)             |                   | (3)           |
| <b>Net income (loss) attributable to Comcast Corporation</b> | <b>\$ 867</b> | <b>\$ 1,054</b> | <b>\$ 673</b> | <b>\$ 1,122</b> | <b>\$ 1,165</b> | <b>\$ (4,014)</b> | <b>\$ 867</b> |



**Table of Contents****Condensed Consolidating Statement of Operations****For the Three Months Ended September 30, 2009**

|  | Combined      |                 |               | Elimination     |                 |                   | Consolidated  |
|--|---------------|-----------------|---------------|-----------------|-----------------|-------------------|---------------|
|  | Comcast       | CCCL            | CCHMO         | Comcast         | Non-            | and               | Consolidated  |
| (in millions)  | Parent        | Parent          | Parents       | Holdings        | Guarantor       | Consolidation     | Comcast       |
|  |               |                 |               |                 | Subsidiaries    | Adjustments       | Corporation   |
| <b>Revenue:</b>  |               |                 |               |                 |                 |                   |               |
| Service revenue  | \$            | \$              | \$            | \$              | \$ 8,845        | \$                | \$ 8,845      |
| Management fee revenue                                       | 192           | 168             | 108           |                 |                 | (468)             |               |
|  | 192           | 168             | 108           |                 | 8,845           | (468)             | 8,845         |
| <b>Costs and Expenses:</b>                                   |               |                 |               |                 |                 |                   |               |
| Operating (excluding depreciation and amortization)          |               |                 |               |                 | 3,530           |                   | 3,530         |
| Selling, general and administrative                          | 92            | 168             | 108           | 15              | 2,074           | (468)             | 1,989         |
| Depreciation   | 7             |                 |               |                 | 1,355           |                   | 1,362         |
| Amortization   |               |                 |               |                 | 253             |                   | 253           |
|  | 99            | 168             | 108           | 15              | 7,212           | (468)             | 7,134         |
| Operating income (loss)                                      | 93            |                 |               | (15)            | 1,633           |                   | 1,711         |
| <b>Other Income (Expense):</b>                               |               |                 |               |                 |                 |                   |               |
| Interest expense   | (335)         | (254)           | (79)          | (8)             | (31)            |                   | (707)         |
| Investment income (loss), net                                | 1             |                 |               | 2               | 145             |                   | 148           |
| Equity in net income (losses) of affiliates, net             | 1,101         | 1,267           | 853           | 1,319           | (234)           | (4,323)           | (17)          |
| Other income (expense)                                       |               |                 |               |                 | 2               |                   | 2             |
|  | 767           | 1,013           | 774           | 1,313           | (118)           | (4,323)           | (574)         |
| Income (loss) before income taxes                            | 860           | 1,013           | 774           | 1,298           | 1,515           | (4,323)           | 1,137         |
| Income tax (expense) benefit                                 | 84            | 89              | 28            | 7               | (411)           |                   | (203)         |
| Net income (loss) from consolidated operations               | 944           | 1,102           | 802           | 1,305           | 1,104           | (4,323)           | 934           |
| Net (income) loss attributable to noncontrolling interests   |               |                 |               |                 | 10              |                   | 10            |
| <b>Net income (loss) attributable to Comcast Corporation</b> | <b>\$ 944</b> | <b>\$ 1,102</b> | <b>\$ 802</b> | <b>\$ 1,305</b> | <b>\$ 1,114</b> | <b>\$ (4,323)</b> | <b>\$ 944</b> |

**Table of Contents****Condensed Consolidating Statement of Operations****For the Nine Months Ended September 30, 2010**

|  | Combined        |                 |                 | Elimination     |                 |                    | Consolidated    |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|--------------------|-----------------|
|  | Comcast         | CCCL            | CCHMO           | Comcast         | Non-            | and                | Comcast         |
| (in millions)  | Parent          | Parent          | Parents         | Holdings        | Guarantor       | Consolidation      | Corporation     |
|  |                 |                 |                 |                 | Subsidiaries    | Adjustments        |                 |
| <b>Revenue:</b>  |                 |                 |                 |                 |                 |                    |                 |
| Service revenue  | \$              | \$              | \$              | \$              | \$ 28,216       | \$                 | \$ 28,216       |
| Management fee revenue                                       | 600             | 539             | 335             |                 |                 | (1,474)            |                 |
|  | 600             | 539             | 335             |                 | 28,216          | (1,474)            | 28,216          |
| <b>Costs and Expenses:</b>                                   |                 |                 |                 |                 |                 |                    |                 |
| Operating (excluding depreciation and amortization)          |                 |                 |                 |                 | 11,351          |                    | 11,351          |
| Selling, general and administrative                          | 337             | 539             | 335             | 44              | 6,204           | (1,474)            | 5,985           |
| Depreciation   | 22              |                 |                 |                 | 4,145           |                    | 4,167           |
| Amortization   | 2               |                 |                 |                 | 744             |                    | 746             |
|  | 361             | 539             | 335             | 44              | 22,444          | (1,474)            | 22,249          |
| Operating income (loss)                                      | 239             |                 |                 | (44)            | 5,772           |                    | 5,967           |
| <b>Other Income (Expense):</b>                               |                 |                 |                 |                 |                 |                    |                 |
| Interest expense   | (1,049)         | (303)           | (130)           | (25)            | (105)           |                    | (1,612)         |
| Investment income (loss), net                                | 5               |                 |                 | 1               | 204             |                    | 210             |
| Equity in net income (losses) of affiliates, net             | 3,187           | 3,403           | 2,131           | 3,439           | (98)            | (12,160)           | (98)            |
| Other income (expense)                                       | (72)            |                 |                 |                 | 3               |                    | (69)            |
|  | 2,071           | 3,100           | 2,001           | 3,415           | 4               | (12,160)           | (1,569)         |
| Income (loss) before income taxes                            | 2,310           | 3,100           | 2,001           | 3,371           | 5,776           | (12,160)           | 4,398           |
| Income tax (expense) benefit                                 | 307             | 106             | 46              | 24              | (2,246)         |                    | (1,763)         |
| Net income (loss) from consolidated operations               | 2,617           | 3,206           | 2,047           | 3,395           | 3,530           | (12,160)           | 2,635           |
| Net (income) loss attributable to noncontrolling interests   |                 |                 |                 |                 | (18)            |                    | (18)            |
| <b>Net income (loss) attributable to Comcast Corporation</b> | <b>\$ 2,617</b> | <b>\$ 3,206</b> | <b>\$ 2,047</b> | <b>\$ 3,395</b> | <b>\$ 3,512</b> | <b>\$ (12,160)</b> | <b>\$ 2,617</b> |

**Table of Contents****Condensed Consolidating Statement of Operations****For the Nine Months Ended September 30, 2009**

|  | Combined        |                 |                 | Elimination     |                 |                    | Consolidated    |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|--------------------|-----------------|
|  | Comcast         | CCCL            | CCHMO           | Comcast         | Non-            | and                | Comcast         |
| (in millions)  | Parent          | Parent          | Parents         | Holdings        | Guarantor       | Consolidation      | Corporation     |
|  |                 |                 |                 |                 | Subsidiaries    | Adjustments        |                 |
| <b>Revenue:</b>  |                 |                 |                 |                 |                 |                    |                 |
| Service revenue  | \$              | \$              | \$              | \$              | \$ 26,689       | \$                 | \$ 26,689       |
| Management fee revenue                                       | 576             | 504             | 323             |                 |                 | (1,403)            |                 |
|  | 576             | 504             | 323             |                 | 26,689          | (1,403)            | 26,689          |
| <b>Costs and Expenses:</b>                                   |                 |                 |                 |                 |                 |                    |                 |
| Operating (excluding depreciation and amortization)          |                 |                 |                 |                 | 10,703          |                    | 10,703          |
| Selling, general and administrative                          | 252             | 504             | 323             | 43              | 5,962           | (1,403)            | 5,681           |
| Depreciation   | 21              |                 |                 |                 | 4,127           |                    | 4,148           |
| Amortization   |                 |                 |                 |                 | 760             |                    | 760             |
|  | 273             | 504             | 323             | 43              | 21,552          | (1,403)            | 21,292          |
| Operating income (loss)                                      | 303             |                 |                 | (43)            | 5,137           |                    | 5,397           |
| <b>Other Income (Expense):</b>                               |                 |                 |                 |                 |                 |                    |                 |
| Interest expense   | (969)           | (562)           | (179)           | (18)            | (100)           |                    | (1,828)         |
| Investment income (loss), net                                | (6)             |                 |                 | 7               | 217             |                    | 218             |
| Equity in net income (losses) of affiliates, net             | 3,120           | 3,592           | 2,436           | 3,512           | (329)           | (12,375)           | (44)            |
| Other income (expense)                                       |                 |                 |                 |                 | 13              |                    | 13              |
|  | 2,145           | 3,030           | 2,257           | 3,501           | (199)           | (12,375)           | (1,641)         |
| Income (loss) before income taxes                            | 2,448           | 3,030           | 2,257           | 3,458           | 4,938           | (12,375)           | 3,756           |
| Income tax (expense) benefit                                 | 235             | 197             | 63              | 19              | (1,602)         |                    | (1,088)         |
| Net income (loss) from consolidated operations               | 2,683           | 3,227           | 2,320           | 3,477           | 3,336           | (12,375)           | 2,668           |
| Net (income) loss attributable to noncontrolling interests   |                 |                 |                 |                 | 15              |                    | 15              |
| <b>Net income (loss) attributable to Comcast Corporation</b> | <b>\$ 2,683</b> | <b>\$ 3,227</b> | <b>\$ 2,320</b> | <b>\$ 3,477</b> | <b>\$ 3,351</b> | <b>\$ (12,375)</b> | <b>\$ 2,683</b> |

**Table of Contents****Condensed Consolidating Statement of Cash Flows****For the Nine Months Ended September 30, 2010**

|   | Combined       |             |               | Comcast   | Non-Guarantor   | Elimination and Consolidation Adjustments | Consolidated Comcast Corporation |
|---|----------------|-------------|---------------|-----------|-----------------|---|----------------------------------|
|   | Comcast Parent | CCCL Parent | CCHMO Parents |           |                 |   |                                  |
| (in millions)                                       |                |             |               |           |                 |   |                                  |
| Net cash provided by (used in) operating activities | \$ (1,320)     | \$ (137)    | \$ (141)      | \$ (223)  | \$ 9,553        | \$  | \$ 7,732                         |
| Investing Activities:                               |                |             |               |           |                 |   |                                  |
| Net transactions with affiliates                    | 1,268          | 137         | 141           | 236       | (1,782)         |   |                                  |
| Capital expenditures                                | (3)            |             |               |           | (3,426)         |   | (3,429)                          |
| Cash paid for intangible assets                     |                |             |               |           | (372)           |   | (372)                            |
| Acquisitions, net of cash acquired                  |                |             |               |           | (183)           |   | (183)                            |
| Proceeds from sales of investments                  |                |             |               |           | 21              |   | 21                               |
| Purchases of investments                            |                |             |               |           | (54)            |   | (54)                             |
| Other   |                |             |               |           | 149             |   | 149                              |
| Net cash provided by (used in) investing activities | 1,265          | 137         | 141           | 236       | (5,647)         |   | (3,868)                          |
| Financing Activities:                               |                |             |               |           |                 |   |                                  |
| Proceeds from borrowings                            | 2,394          |             |               |           | 26              |   | 2,420                            |
| Repurchases and repayments of debt                  | (600)          |             |               | (13)      | (36)            |   | (649)                            |
| Repurchases of common stock                         | (892)          |             |               |           |                 |   | (892)                            |
| Dividends paid                                      | (800)          |             |               |           |                 |   | (800)                            |
| Other   | (47)           |             |               |           | (25)            |   | (72)                             |
| Net cash provided by (used in) financing activities | 55             |             |               | (13)      | (35)            |   | 7                                |
| Increase (decrease) in cash and cash equivalents    |                |             |               |           | 3,871           |   | 3,871                            |
| Cash and cash equivalents, beginning of period      |                |             |               |           | 671             |   | 671                              |
| <b>Cash and cash equivalents, end of period</b>     | <b>\$</b>      | <b>\$</b>   | <b>\$</b>     | <b>\$</b> | <b>\$ 4,542</b> | <b>\$</b>                                 | <b>\$ 4,542</b>                  |

**Table of Contents****Condensed Consolidating Statement of Cash Flows****For the Nine Months Ended September 30, 2009**

|   |           |           | Combined  |           | Non-          |               | Elimination | Consolidated  |
|---|-----------|-----------|-----------|-----------|---------------|---------------|-------------|---------------|
|   | Comcast   | CCCL      | CCHMO     | Comcast   | Guarantor     | Consolidation | and         | Comcast       |
| (in millions)                                       | Parent    | Parent    | Parents   | Holdings  | Subsidiaries  | Adjustments   |             | Corporation   |
| Net cash provided by (used in) operating activities | \$ 22     | \$ (330)  | \$ (197)  | \$ 6      | \$ 8,224      | \$            |             | \$ 7,725      |
| Investing Activities:                               |           |           |           |           |               |               |             |               |
| Net transactions with affiliates                    | 472       | 3,296     | 551       | 256       | (4,575)       |               |             |               |
| Capital expenditures                                | (24)      |           |           |           | (3,484)       |               |             | (3,508)       |
| Cash paid for intangible assets                     | (6)       |           |           |           | (377)         |               |             | (383)         |
| Acquisitions, net of cash acquired                  |           |           |           |           | (36)          |               |             | (36)          |
| Proceeds from sales of investments                  |           |           |           |           | 31            |               |             | 31            |
| Purchases of investments                            |           |           |           |           | (142)         |               |             | (142)         |
| Other   |           |           |           |           | 37            |               |             | 37            |
| Net cash provided by (used in) investing activities | 442       | 3,296     | 551       | 256       | (8,546)       |               |             | (4,001)       |
| Financing Activities:                               |           |           |           |           |               |               |             |               |
| Proceeds from borrowings                            | 1,792     |           |           |           | 51            |               |             | 1,843         |
| Repurchases and repayments of debt                  | (1,241)   | (2,836)   | (312)     | (262)     | (58)          |               |             | (4,709)       |
| Repurchases of common stock                         | (438)     |           |           |           |               |               |             | (438)         |
| Dividends paid                                      | (568)     |           |           |           |               |               |             | (568)         |
| Other   | (9)       | (130)     | (42)      |           | (4)           |               |             | (185)         |
| Net cash provided by (used in) financing activities | (464)     | (2,966)   | (354)     | (262)     | (11)          |               |             | (4,057)       |
| Increase (decrease) in cash and cash equivalents    |           |           |           |           | (333)         |               |             | (333)         |
| Cash and cash equivalents, beginning of period      |           |           |           |           | 1,195         |               |             | 1,195         |
| <b>Cash and cash equivalents, end of period</b>     | <b>\$</b> | <b>\$</b> | <b>\$</b> | <b>\$</b> | <b>\$ 862</b> | <b>\$</b>     | <b>\$</b>   | <b>\$ 862</b> |

**Table of Contents**

**ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**Overview**

We are a leading provider of video, high-speed Internet and phone services ( cable services ), offering a variety of entertainment, information and communications services to residential and commercial customers. As of September 30, 2010, our cable systems served approximately 22.9 million video customers, 16.7 million high-speed Internet customers and 8.4 million phone customers and passed over 51 million homes and businesses in 39 states and the District of Columbia. We report the results of these operations as our Cable segment, which generates approximately 94% of our consolidated revenue. Our Cable segment also includes the operations of our regional sports networks. Our Programming segment consists primarily of our consolidated national programming networks, E!, Golf Channel, VERSUS, G4 and Style. Revenue from our Programming segment is generated primarily from monthly per subscriber license fees paid by multichannel video providers, the sale of advertising and the licensing of our programming internationally.

The following are the more significant developments in our businesses during the nine months ended September 30, 2010:

an increase in consolidated revenue of 5.7% to \$28.2 billion and an increase in consolidated operating income of 10.6% to \$6.0 billion

an increase in Cable segment revenue of 5.2% to \$26.6 billion and an increase in operating income before depreciation and amortization of 5.6% to \$10.8 billion

an increase in Programming segment revenue of 11.3% to \$1.3 billion and an increase in operating income before depreciation and amortization of 23.2% to \$423 million

the addition of 766,000 high-speed Internet customers and 731,000 phone customers; a decrease of 622,000 video customers

a reduction in Cable segment capital expenditures of 2.9% to \$3.4 billion

the repurchase of 54 million shares of our Class A Special common stock, including 438,000 shares which did not settle until October 2010, under our share repurchase authorization for \$900 million

the payment of \$800 million in dividends

the issuance of \$2.4 billion aggregate principal amount of notes

**NBC Universal Transaction**

We entered into agreements with General Electric Company ( GE ) in December 2009 to form a new company of which we will own 51% and control, with the remaining 49% to be owned by GE. Under the terms of the transaction, GE will contribute NBC Universal's businesses, including its cable and broadcast networks, filmed entertainment, televised entertainment, theme parks and unconsolidated investments, as well

## Edgar Filing: COMCAST CORP - Form 10-Q

as other GE assets used primarily in NBC Universal's business. NBC Universal sold \$4.0 billion aggregate principal amount of senior notes in April 2010 and \$5.1 billion aggregate principal amount of senior notes in October 2010 in connection with the transaction. We will contribute our national programming networks, our regional sports networks and certain of our Internet businesses, as well as other assets used primarily in those businesses. We will also make a cash payment to GE of \$7.1 billion, less certain adjustments primarily based on the free cash flow generated by NBC Universal between December 4, 2009 and the closing. The transaction is subject to various regulatory approvals and is expected to close by the end of 2010.

GE will be entitled to cause the new company to redeem half of GE's interest 3.5 years after the closing and its remaining interest 7 years after the closing. If GE exercises its first redemption right, we have the right to purchase the remainder of GE's interest at that time. If GE does not exercise its first redemption right, we have the right to purchase half of GE's interest 5 years after the closing. We also will have the right to purchase GE's remaining

**Table of Contents**

interest, if any, 8 years after the closing. The redemption and purchase price will equal the ownership percentage being acquired multiplied by 120% of the fully distributed public market trading value of the new company, less half of the excess of 120% of that value over \$28.15 billion. Subject to various limitations, we are committed to fund up to \$2.875 billion in cash or common stock for each of the two redemptions (for an aggregate of up to \$5.75 billion), with amounts not used in the first redemption to be available for the second redemption.

We have incurred expenses related to legal, accounting and valuation services of \$21 million and \$57 million for the three and nine months ended September 30, 2010, respectively, which are reflected in operating, selling, general and administrative expenses. We also incurred certain financing and other shared costs with GE associated with NBC Universal's debt facilities entered into at the December 2009 agreement date and with the sale of NBC Universal's senior notes in 2010. Other income (expense) includes \$43 million and \$91 million of these costs for the three and nine months ended September 30, 2010, respectively. Interest expense includes \$2 million and \$6 million of these costs for the three and nine months ended September 30, 2010, respectively.

**Consolidated Operating Results**

| (in millions)  | Three Months Ended<br>September 30 |               | Increase/<br>(Decrease) | Nine Months Ended<br>September 30 |                 | Increase/<br>(Decrease) |
|--|------------------------------------|---------------|-------------------------|-----------------------------------|-----------------|-------------------------|
|  | 2010                               | 2009          |                         | 2010                              | 2009            |                         |
| <b>Revenue(a)</b>  | \$ 9,489                           | \$ 8,845      | 7.3%                    | \$ 28,216                         | \$ 26,689       | 5.7%                    |
| Costs and expenses:  |                                    |               |                         |                                   |                 |                         |
| Operating, selling, general and administrative<br>(excluding depreciation and amortization)(a) | 5,911                              | 5,519         | 7.1                     | 17,336                            | 16,384          | 5.8                     |
| Depreciation   | 1,377                              | 1,362         | 1.1                     | 4,167                             | 4,148           | 0.4                     |
| Amortization   | 247                                | 253           | (2.3)                   | 746                               | 760             | (1.9)                   |
| <b>Operating income</b>  | 1,954                              | 1,711         | 14.2                    | 5,967                             | 5,397           | 10.6                    |
| Other income (expense) items, net  | (500)                              | (574)         | (12.7)                  | (1,569)                           | (1,641)         | (4.3)                   |
| Income before income taxes   | 1,454                              | 1,137         | 27.8                    | 4,398                             | 3,756           | 17.1                    |
| Income tax expense   | (584)                              | (203)         | 187.8                   | (1,763)                           | (1,088)         | 62.0                    |
| Net income from consolidated operations  | 870                                | 934           | (6.9)                   | 2,635                             | 2,668           | (1.3)                   |
| Net (income) loss attributable to noncontrolling<br>interests                                  | (3)                                | 10            | NM                      | (18)                              | 15              | NM                      |
| <b>Net income attributable to Comcast Corporation</b>  | <b>\$ 867</b>                      | <b>\$ 944</b> | <b>(8.2)%</b>           | <b>\$ 2,617</b>                   | <b>\$ 2,683</b> | <b>(2.5)%</b>           |

All percentages are calculated based on actual amounts. Minor differences may exist due to rounding.

(a) Reclassifications have been made to the prior year's amounts to conform to classifications used in 2010.

**Consolidated Revenue**

Our Cable and Programming segments accounted for substantially all of the increases in consolidated revenue for the three and nine months ended September 30, 2010 compared to the same periods in 2009. The remaining changes related to our other business activities, primarily Comcast Interactive Media and Comcast Spectacor. Cable segment revenue and Programming segment revenue are discussed separately in Segment Operating Results.

**Consolidated Operating, Selling, General and Administrative Expenses**

Our Cable segment accounted for substantially all of the increases in consolidated operating, selling, general and administrative expenses for the three and nine months ended September 30, 2010 compared to the same periods in 2009. The remaining changes related to our other business activities, primarily Comcast Interactive Media and Comcast Spectacor, costs associated with the NBC Universal transaction of \$21 million and \$57 million for the three and nine months ended September 30, 2010, respectively, and our Programming segment. Cable segment and Programming segment operating, selling, general and administrative expenses are discussed separately in Segment Operating Results.



**Table of Contents****Consolidated Depreciation and Amortization**

Depreciation expense and amortization expense remained relatively stable for three and nine months ended September 30, 2010 compared to the same periods in 2009.

**Segment Operating Results**

Our segment operating results are presented based on how we assess operating performance and internally report financial information. To measure the performance of our operating segments, we use operating income (loss) before depreciation and amortization, excluding impairments related to fixed and intangible assets, and gains or losses from the sale of assets, if any. This measure eliminates the significant level of noncash depreciation and amortization expense that results from the capital-intensive nature of our businesses and from intangible assets recognized in business combinations. Additionally, it is unaffected by our capital structure or investment activities. We use this measure to evaluate our consolidated operating performance and the operating performance of our operating segments and to allocate resources and capital to our operating segments. It is also a significant performance measure in our annual incentive compensation programs. We believe that this measure is useful to investors because it is one of the bases for comparing our operating performance with that of other companies in our industries, although our measure may not be directly comparable to similar measures used by other companies. Because we use this metric to measure our segment profit or loss, we reconcile it to operating income (loss), the most directly comparable financial measure calculated and presented in accordance with generally accepted accounting principles in the United States ( GAAP ) in the business segment footnote to our condensed consolidated financial statements (see Note 13 to our condensed consolidated financial statements). This measure should not be considered a substitute for operating income (loss), net income (loss) attributable to Comcast Corporation, net cash provided by operating activities, or other measures of performance or liquidity we have reported in accordance with GAAP.

**Cable Segment Results of Operations**

| (in millions)  | Three Months Ended<br>September 30 |                 | Increase/(Decrease) |             |
|--|------------------------------------|-----------------|---------------------|-------------|
|  | 2010                               | 2009            | \$                  | %           |
| Video  | \$ 4,881                           | \$ 4,777        | \$ 104              | 2.2%        |
| High-speed Internet  | 2,164                              | 1,930           | 234                 | 12.2        |
| Phone  | 934                                | 829             | 105                 | 12.6        |
| Advertising(a)   | 461                                | 363             | 98                  | 27.2        |
| Other(a)   | 293                                | 265             | 28                  | 10.3        |
| Franchise fees   | 248                                | 238             | 10                  | 4.5         |
| Revenue(a)   | 8,981                              | 8,402           | 579                 | 6.9         |
| Operating expenses(a)  | 3,605                              | 3,381           | 224                 | 6.6         |
| Selling, general and administrative expenses(a)              | 1,830                              | 1,709           | 121                 | 7.2         |
| <b>Operating income before depreciation and amortization</b> | <b>\$ 3,546</b>                    | <b>\$ 3,312</b> | <b>\$ 234</b>       | <b>7.1%</b> |

| (in millions)  | Nine Months Ended<br>September 30 |                  | Increase/(Decrease) |             |
|--|-----------------------------------|------------------|---------------------|-------------|
|  | 2010                              | 2009             | \$                  | %           |
| Video  | \$ 14,640                         | \$ 14,590        | \$ 50               | 0.3%        |
| High-speed Internet  | 6,364                             | 5,768            | 596                 | 10.3        |
| Phone  | 2,727                             | 2,407            | 320                 | 13.3        |
| Advertising(a)   | 1,267                             | 1,018            | 249                 | 24.5        |
| Other(a)   | 868                               | 810              | 58                  | 7.1         |
| Franchise fees   | 741                               | 710              | 31                  | 4.4         |
| Revenue(a)   | 26,607                            | 25,303           | 1,304               | 5.2         |
| Operating expenses(a)  | 10,685                            | 10,141           | 544                 | 5.4         |
| Selling, general and administrative expenses(a)              | 5,136                             | 4,947            | 189                 | 3.8         |
| <b>Operating income before depreciation and amortization</b> | <b>\$ 10,786</b>                  | <b>\$ 10,215</b> | <b>\$ 571</b>       | <b>5.6%</b> |

## **Table of Contents**

(a) Reclassifications have been made to the prior year's amounts to conform to classifications used in 2010.

### **Cable Segment Revenue**

Our average monthly total revenue per video customer for the three months ended September 30, 2010 increased to approximately \$130 from approximately \$118 for the three months ended September 30, 2009. Our average monthly total revenue per video customer for the nine months ended September 30, 2010 increased to approximately \$127 from approximately \$117 for the nine months ended September 30, 2009. The increase in average monthly total revenue per video customer was primarily due to an increased number of customers receiving multiple services, rate adjustments and a higher contribution from our commercial services business.

### ***Video***

Video revenue increased for the three and nine months ended September 30, 2010 compared to the same periods in 2009 primarily due to revenue growth from rate adjustments and customer upgrades to our digital and advanced services which was offset by declines in video customers. During the three and nine months ended September 30, 2010, the number of video customers decreased by approximately 275,000 and 622,000, respectively. As previously disclosed, we expect further declines in the number of video customers during the remainder of 2010. During the three and nine months ended September 30, 2010, we added or upgraded approximately 219,000 and 1.0 million customers to our digital video service, respectively, including those customers added or upgraded in connection with the transition from analog to digital transmission of channels we distribute. As of September 30, 2010, approximately 85% of our 22.9 million video customers subscribed to at least one of our digital video services.

### ***High-Speed Internet***

Our high-speed Internet revenue increased during the three and nine months ended September 30, 2010 compared to the same periods in 2009 primarily due to an increase in the number of residential and commercial customers and rate adjustments. During the three and nine months ended September 30, 2010, we added approximately 249,000 and 766,000 high-speed Internet customers, respectively.

### ***Phone***

Our phone revenue increased during the three and nine months ended September 30, 2010 compared to the same periods in 2009 primarily due to an increase in the number of residential and commercial phone customers. During the three and nine months ended September 30, 2010, we added approximately 228,000 and 731,000 phone customers, respectively.

### ***Advertising***

Advertising revenue increased during the three and nine months ended September 30, 2010 compared to the same periods in 2009 primarily due to improvements in the overall television advertising market, including political advertising.

### ***Other***

We also generate revenue from our regional sports networks, our digital media center, commissions from electronic retailing networks and fees for other services.

### ***Franchise Fees***

The increases in franchise fees collected from our cable customers during the three and nine months ended September 30, 2010 compared to the same periods in 2009 were primarily due to increases in the revenue on which the fees apply.

**Table of Contents****Cable Segment Operating Expenses**

| (in millions)                      | Three Months Ended<br>September 30 |                 | Increase/(Decrease) |             |
|------------------------------------|------------------------------------|-----------------|---------------------|-------------|
|                                    | 2010                               | 2009            | \$                  | %           |
| Video programming                  | \$ 1,846                           | \$ 1,759        | \$ 87               | 4.9%        |
| Technical labor                    | 594                                | 573             | 21                  | 3.7         |
| High-speed Internet                | 124                                | 134             | (10)                | (7.2)       |
| Phone                              | 148                                | 135             | 13                  | 8.8         |
| Other                              | 893                                | 780             | 113                 | 14.6        |
| <b>Total operating expenses(a)</b> | <b>\$ 3,605</b>                    | <b>\$ 3,381</b> | <b>\$ 224</b>       | <b>6.6%</b> |

| (in millions)                      | Nine Months Ended<br>September 30 |                  | Increase/(Decrease) |             |
|------------------------------------|-----------------------------------|------------------|---------------------|-------------|
|                                    | 2010                              | 2009             | \$                  | %           |
| Video programming                  | \$ 5,580                          | \$ 5,292         | \$ 288              | 5.4%        |
| Technical labor                    | 1,696                             | 1,745            | (49)                | (2.8)       |
| High-speed Internet                | 377                               | 387              | (10)                | (2.6)       |
| Phone                              | 434                               | 421              | 13                  | 2.9         |
| Other                              | 2,598                             | 2,296            | 302                 | 13.2        |
| <b>Total operating expenses(a)</b> | <b>\$ 10,685</b>                  | <b>\$ 10,141</b> | <b>\$ 544</b>       | <b>5.4%</b> |

(a) Reclassifications have been made to the prior year's amounts to conform to classifications used in 2010.

Video programming expenses increased during the three and nine months ended September 30, 2010 compared to the same periods in 2009 primarily due to increased rates and additional programming options offered. Technical labor expenses increased during the three months ended September 30, 2010 compared to the same period in 2009 primarily due to an increase in customer service activity levels. Technical labor expenses decreased during the nine months ended September 30, 2010 compared to the same period in 2009 primarily due to operational efficiencies. High-speed Internet expenses and phone expenses include certain direct costs for providing these services but do not fully reflect the amount of operating expenses that would be necessary to provide these services on a stand-alone basis. Other related costs associated with providing these services are generally shared among all our cable services and are not allocated to these items. Other operating expenses increased during the three and nine months ended September 30, 2010 compared to the same periods in 2009 primarily due to an increase in advertising activity, the continued expansion of commercial services and other service enhancement initiatives.

**Cable Segment Selling, General and Administrative Expenses**

| (in millions)  | Three Months Ended<br>September 30 |                 | Increase/(Decrease) |             |
|--|------------------------------------|-----------------|---------------------|-------------|
|  | 2010                               | 2009            | \$                  | %           |
| Customer service   | \$ 459                             | \$ 471          | \$ (12)             | (2.7)%      |
| Marketing  | 520                                | 443             | 77                  | 17.3        |
| Administrative and other                                     | 851                                | 795             | 56                  | 7.4         |
| <b>Total selling, general and administrative expenses(a)</b> | <b>\$ 1,830</b>                    | <b>\$ 1,709</b> | <b>\$ 121</b>       | <b>7.2%</b> |

| (in millions)    | Nine Months Ended<br>September 30 |          | Increase/(Decrease) |        |
|------------------|-----------------------------------|----------|---------------------|--------|
|                  | 2010                              | 2009     | \$                  | %      |
| Customer service | \$ 1,354                          | \$ 1,402 | \$ (48)             | (3.5)% |
| Marketing        | 1,402                             | 1,216    | 186                 | 15.3   |

Edgar Filing: COMCAST CORP - Form 10-Q

|  |                 |                 |               |             |
|--|-----------------|-----------------|---------------|-------------|
| Administrative and other                                     | 2,380           | 2,329           | 51            | 2.2         |
| <b>Total selling, general and administrative expenses(a)</b> | <b>\$ 5,136</b> | <b>\$ 4,947</b> | <b>\$ 189</b> | <b>3.8%</b> |

(a) Reclassifications have been made to the prior year's amounts to conform to classifications used in 2010.

**Table of Contents**

Marketing expenses increased during the three and nine months ended September 30, 2010 compared to the same periods in 2009 primarily due to an increase in direct sales efforts and additional marketing costs associated with attracting and retaining customers, as well as the launch of our XFINITY brand.

**Programming Segment Results of Operations**

| (in millions)  | Three Months Ended |               |                     |              |
|--|--------------------|---------------|---------------------|--------------|
|  | September 30       |               | Increase/(Decrease) |              |
|  | 2010               | 2009          | \$                  | %            |
| Revenue  | \$ 416             | \$ 383        | \$ 33               | 8.7%         |
| Operating, selling, general and administrative               | 266                | 265           | 1                   | 0.8          |
| <b>Operating income before depreciation and amortization</b> | <b>\$ 150</b>      | <b>\$ 118</b> | <b>\$ 32</b>        | <b>26.3%</b> |

| (in millions)  | Nine Months Ended |               |                     |              |
|--|-------------------|---------------|---------------------|--------------|
|  | September 30      |               | Increase/(Decrease) |              |
|  | 2010              | 2009          | \$                  | %            |
| Revenue  | \$ 1,255          | \$ 1,128      | \$ 127              | 11.3%        |
| Operating, selling, general and administrative               | 832               | 785           | 47                  | 6.1          |
| <b>Operating income before depreciation and amortization</b> | <b>\$ 423</b>     | <b>\$ 343</b> | <b>\$ 80</b>        | <b>23.2%</b> |
| <b>Programming Segment Revenue</b>                           |                   |               |                     |              |

Programming revenue increased during the three and nine months ended September 30, 2010 compared to same periods in 2009 primarily due to growth in advertising revenue and programming license fee revenue. For both the three and nine months ended September 30, 2010, advertising accounted for approximately 40% of total Programming revenue. For the three and nine months ended September 30, 2009, advertising accounted for approximately 42% and 41%, respectively, of total Programming revenue. For each of the three and nine months ended September 30, 2010 and 2009, approximately 12% of our Programming revenue was generated from our Cable segment. These amounts are eliminated in our consolidated financial statements but are included in the amounts presented above.

**Consolidated Other Income (Expense) Items**

| (in millions)                                    | Three Months Ended |                 | Nine Months Ended |                   |
|--|--------------------|-----------------|-------------------|-------------------|
|  | September 30       |                 | September 30      |                   |
|  | 2010               | 2009            | 2010              | 2009              |
| Interest expense                                 | \$ (545)           | \$ (707)        | \$ (1,612)        | \$ (1,828)        |
| Investment income (loss), net                    | 109                | 148             | 210               | 218               |
| Equity in net (losses) income of affiliates, net | (40)               | (17)            | (98)              | (44)              |
| Other income (expense)                           | (24)               | 2               | (69)              | 13                |
| <b>Total</b>                                     | <b>\$ (500)</b>    | <b>\$ (574)</b> | <b>\$ (1,569)</b> | <b>\$ (1,641)</b> |
| <b>Interest Expense</b>                          |                    |                 |                   |                   |

The decreases in interest expense for the three and nine months ended September 30, 2010 compared to the same periods in 2009 were primarily due to the effects of early extinguishment costs associated with the repayment and redemption of our debt obligations in connection with the cash tender offer in July 2009. We recognized approximately \$180 million of interest expense primarily associated with the premium incurred in a cash tender offer during the three months ended September 30, 2009.

**Investment Income (Loss), Net**

The components of investment income (loss), net for the three and nine months ended September 30, 2010 and 2009 are presented in a table in Note 5 to our condensed consolidated financial statements.

**Table of Contents****Other Income (Expense)**

In connection with the NBC Universal transaction, we agreed to share with GE certain financing and other costs associated with NBC Universal's debt facilities entered into at the December 2009 agreement date and with the sale of NBC Universal's senior notes in 2010. Other income (expense) for the three and nine months ended September 30, 2010 includes expenses for our share of these costs of \$43 million and \$91 million, respectively.

**Income Tax Expense**

Income tax expense for the three and nine months ended September 30, 2010 and 2009 reflects an effective income tax rate that differs from the federal statutory rate primarily due to state income taxes and interest on uncertain tax positions. Income tax expense for the three and nine months ended September 30, 2009 was reduced by approximately \$251 million and \$436 million, respectively, primarily due to the recognition of tax benefits associated with uncertain tax positions and related interest and certain corporate reorganizations, which primarily affected our deferred income tax liabilities and other noncurrent liabilities. We expect our 2010 annual effective tax rate to be approximately 40%.

**Liquidity and Capital Resources**

Our businesses generate significant cash flows from operating activities. We believe that we will be able to meet our current and long-term liquidity and capital requirements, including fixed charges, through our cash flows from operating activities, existing cash, cash equivalents and investments, available borrowings under our existing credit facilities, and our ability to obtain future external financing.

We anticipate that we will continue to use a substantial portion of our cash flows to fund our capital expenditures, to invest in business opportunities, to meet our debt repayment obligations and to return capital to shareholders.

**Operating Activities****Components of Net Cash Provided by Operating Activities**

| (in millions)   | Nine Months Ended |                 |
|---|-------------------|-----------------|
|   | September 30      |                 |
|   | 2010              | 2009            |
| Operating income  | \$ 5,967          | \$ 5,397        |
| Depreciation and amortization   | 4,913             | 4,908           |
| Operating income before depreciation and amortization                               | 10,880            | 10,305          |
| Noncash share-based compensation expense  | 226               | 192             |
| Changes in operating assets and liabilities   | (10)              | (239)           |
| Cash basis operating income   | 11,096            | 10,258          |
| Payments of interest  | (1,630)           | (1,678)         |
| Payments of income taxes  | (1,794)           | (940)           |
| Proceeds from interest, dividends and other nonoperating items                      | 63                | 85              |
| Excess tax benefit under share-based compensation presented in financing activities | (3)               |                 |
| <b>Net cash provided by operating activities</b>                                    | <b>\$ 7,732</b>   | <b>\$ 7,725</b> |

The decrease in interest payments during the nine months ended September 30, 2010 compared to the same period in 2009 was primarily due to the effects of our debt repayments and decreases in interest rates on debt subject to variable interest rate swap agreements.

The increase in income tax payments during the nine months ended September 30, 2010 compared to the same period in 2009 was primarily due to an increase in taxable income and the reversal of the benefits from the 2008 and 2009 economic stimulus acts.





**Table of Contents****Investing Activities**

Net cash used in investing activities for the nine months ended September 30, 2010 consisted primarily of capital expenditures of \$3.4 billion, cash paid for intangible assets of \$372 million and acquisitions of \$183 million. Capital expenditures have been our most significant recurring investing activity and we expect that this will continue in the future.

**Financing Activities**

Net cash provided by financing activities for the nine months ended September 30, 2010 consisted primarily of proceeds from borrowings of \$2.4 billion, partially offset by debt repurchases and repayments of \$649 million, repurchases of our Class A Special common stock of \$892 million and dividend payments of \$800 million.

We have made, and may from time to time in the future make, optional repayments on our debt obligations, which may include repurchases of our outstanding public notes and debentures, depending on various factors, such as market conditions.

***Available Borrowings Under Credit Facilities***

We traditionally maintain significant availability under our lines of credit and our commercial paper program to meet our short-term liquidity requirements. As of September 30, 2010, amounts available under all of our credit facilities totaled approximately \$6.4 billion.

***Share Repurchases and Dividends***

During the nine months ended September 30, 2010, we repurchased 54 million shares of our Class A Special common stock under our share repurchase authorization for \$900 million. Approximately \$7.5 million of our share repurchases, or 438,000 shares, did not settle until October 2010. As of September 30, 2010, we had \$2.4 billion of availability remaining under our share repurchase authorization. We intend to complete repurchases under the current share repurchase authorization by the end of 2012, subject to market conditions.

In February, May, July and October 2010, our Board of Directors approved a quarterly dividend of \$0.0945 per share as part of our planned annual dividend of \$0.378 per share. We expect to continue to pay quarterly dividends, although each dividend is subject to approval by our Board of Directors.

**Quarterly Dividends Declared**

| (in millions)                         | Amount | Month of Payment |
|---------------------------------------|--------|------------------|
| Three months ended March 31, 2010     | \$ 267 | April            |
| Three months ended June 30, 2010      | \$ 265 | July             |
| Three months ended September 30, 2010 | \$ 264 | October          |

Dividends declared in October 2010 are expected to be paid in January 2011.

**Critical Accounting Judgments and Estimates**

The preparation of our condensed consolidated financial statements requires us to make estimates that affect the reported amounts of assets, liabilities, revenue and expenses, and the related disclosure of contingent assets and contingent liabilities. We base our judgments on our historical experience and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making estimates about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe our judgments and related estimates associated with the valuation and impairment testing of our cable franchise rights and the accounting for income taxes are critical in the preparation of our condensed consolidated financial statements. We performed our annual impairment testing as of July 1, 2010 and no impairment charge was recorded.

## Edgar Filing: COMCAST CORP - Form 10-Q

For a full discussion of the accounting judgments and estimates that we have identified as critical in the preparation of our consolidated financial statements, please refer to our 2009 Annual Report on Form 10-K.

**Table of Contents****ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We have evaluated the information required under this item that was disclosed in our 2009 Annual Report on Form 10-K and believe there have been no significant changes to this information.

**ITEM 4: CONTROLS AND PROCEDURES****Conclusions regarding disclosure controls and procedures**

Our principal executive and principal financial officers, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of the end of the period covered by this report, have concluded that, based on the evaluation of these controls and procedures required by paragraph (b) of Exchange Act Rules 13a-15 or 15d-15, our disclosure controls and procedures were effective.

**Changes in internal control over financial reporting**

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**PART II: OTHER INFORMATION****ITEM 1: LEGAL PROCEEDINGS**

Refer to Note 12 to our condensed consolidated financial statements of this Quarterly Report on Form 10-Q for a discussion of recent developments related to our legal proceedings.

**ITEM 1A: RISK FACTORS**

There have been no significant changes from the risk factors previously disclosed in Item 1A of our 2009 Annual Report on Form 10-K.

**ITEM 2: UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

The table below summarizes our repurchases under our existing share repurchase authorization during the three months ended September 30, 2010.

**Purchases of Equity Securities**

| Period               | Total Number of Shares Purchased | Average Price Per Share | Total Number of Shares Purchased as Part of Publicly Announced Authorization | Total Dollar Amount Purchased Under the Authorization | Maximum Dollar Value of Shares That May Yet Be Purchased Under the Authorization(a) |
|----------------------|----------------------------------|-------------------------|--|---|---|
| July 1-31, 2010      |                                  | \$                      |  | \$  | \$ 2,740,974,710  |
| August 1-31, 2010    | 9,955,565                        | \$ 17.17                | 9,955,565  | \$ 170,892,395  | \$ 2,570,082,315  |
| September 1-30, 2010 | 7,588,000                        | \$ 17.02                | 7,588,000  | \$ 129,122,095  | \$ 2,440,960,220  |
| <b>Total</b>         | <b>17,543,565</b>                | <b>\$ 17.10</b>         | <b>17,543,565</b>  | <b>\$ 300,014,490</b>                                 | <b>\$ 2,440,960,220</b>   |

(a) In 2007, our Board of Directors authorized a \$7 billion addition to the existing share repurchase authorization. Under this authorization, we may repurchase shares in the open market or in private transactions, subject to market conditions. The current share repurchase authorization does not have an expiration date. As of September 30, 2010, we had approximately \$2.4 billion of availability remaining under our share repurchase authorization. We intend to complete

Edgar Filing: COMCAST CORP - Form 10-Q

repurchases under the current share repurchase authorization by the end of 2012, subject to market conditions.

**Table of Contents**

The total number of shares purchased during the three months ended September 30, 2010 does not include any shares received in the administration of employee share-based compensation plans.

**ITEM 6: EXHIBITS**

| Exhibit No. | Description   |
|-------------|---|
| 31          | Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.  |
| 32          | Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.  |
| 10.1*       | 2010 Spotlight Long Term Incentive Plan (formerly named the 2003 Cable Division Advertising/Sales Group Long Term Plan), as amended and restated effective January 1, 2010.   |
| 10.2*       | 2003 Stock Option Plan, as amended and restated effective July 23, 2010.  |
| 10.3*       | 2002 Restricted Stock Plan, as amended and restated effective July 23, 2010.  |
| 101         | The following financial statements from Comcast Corporation's Quarterly Report on Form 10-Q for the three and nine months ended September 30, 2010, filed with the Securities and Exchange Commission on October 27, 2010, formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheet; (ii) the Condensed Consolidated Statement of Operations; (iii) the Condensed Consolidated Statement of Cash Flows; (iv) the Condensed Consolidated Statement of Changes in Equity; (v) the Condensed Consolidated Statement of Comprehensive Income and (vi) the Notes to Condensed Consolidated Financial Statements. |

\* Constitutes a management contract or compensatory plan or arrangement.

**Table of Contents**

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMCAST CORPORATION

/s/ LAWRENCE J. SALVA  
Lawrence J. Salva

Senior Vice President, Chief Accounting Officer  
and Controller

(Principal Accounting Officer)

Date: October 27, 2010