

COMCAST CORP
Form 10-Q
November 04, 2009
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, 2009

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, 2009, there were 2,062,064,242 shares of our Class A common stock, 783,174,865 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 Number
<u>PART I. FINANCIAL INFORMATION</u>	
Item 1.	
<u>Financial Statements</u>	2
<u>Condensed Consolidated Balance Sheet as of September 30, 2009 and December 31, 2008 (Unaudited)</u>	2
<u>Condensed Consolidated Statement of Operations for the Three and Nine Months Ended September 30, 2009 and 2008 (Unaudited)</u>	3
<u>Condensed Consolidated Statement of Cash Flows for the Nine Months Ended September 30, 2009 and 2008 (Unaudited)</u>	4
<u>Condensed Consolidated Statement of Changes in Equity for the Nine Months Ended September 30, 2009 and 2008 (Unaudited)</u>	5
<u>Condensed Consolidated Statement of Comprehensive Income for the Three and Nine Months Ended September 30, 2009 and 2008 (Unaudited)</u>	6
<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	7
Item 2.	
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	25
Item 3.	
<u>Quantitative and Qualitative Disclosures About Market Risk</u>	32
Item 4.	
<u>Controls and Procedures</u>	33
<u>PART II. OTHER INFORMATION</u>	
Item 1.	
<u>Legal Proceedings</u>	33
Item 1A.	
<u>Risk Factors</u>	33
Item 2.	
<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	33
Item 6.	
<u>Exhibits</u>	34
<u>SIGNATURES</u>	35

This Quarterly Report on Form 10-Q is for the three and nine months ended September 30, 2009. 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:

all of the services offered by our cable systems face a wide range of competition that could adversely affect our future results of operations

we may face increased competition because of technological advances and new regulatory requirements, 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

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

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

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, 2009	December 31, 2008
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 862	\$ 1,195
Investments	56	59
Accounts receivable, less allowance for doubtful accounts of \$188 and \$190	1,639	1,626
Other current assets	849	836
Total current assets	3,406	3,716
Investments	5,699	4,783
Property and equipment, net of accumulated depreciation of \$26,716 and \$23,235	23,605	24,444
Franchise rights	59,442	59,449
Goodwill	14,934	14,889
Other intangible assets, net of accumulated amortization of \$8,624 and \$8,160	4,209	4,558
Other noncurrent assets, net	1,168	1,178
Total assets	\$ 112,463	\$ 113,017
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses related to trade creditors	\$ 3,133	\$ 3,393
Accrued expenses and other current liabilities	3,005	3,268
Current portion of long-term debt	954	2,278
Total current liabilities	7,092	8,939
Long-term debt, less current portion	28,493	30,178
Deferred income taxes	27,566	26,982
Other noncurrent liabilities	6,763	6,171
Commitments and Contingencies (Note 11)		
Redeemable noncontrolling interests	168	171
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, 2,427,524,992 and 2,426,443,484; outstanding, 2,062,064,242 and 2,060,982,734	24	24
Class A Special common stock, \$0.01 par value authorized, 7,500,000,000 shares; issued, 854,109,629 and 881,145,954; outstanding 783,174,865 and 810,211,190	9	9
Class B common stock, \$0.01 par value authorized, 75,000,000 shares; issued and outstanding, 9,444,375		
Additional paid-in capital	40,451	40,620
Retained earnings	9,416	7,427
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)	(72)	(113)
Total Comcast Corporation stockholders' equity	42,311	40,450
Noncontrolling interests	70	126
Total equity	42,381	40,576
Total liabilities and equity	\$ 112,463	\$ 113,017

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 September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
Revenue	\$ 8,802	\$ 8,549	\$ 26,575	\$ 25,491
Costs and Expenses:				
Operating (excluding depreciation and amortization)	3,490	3,345	10,600	10,040
Selling, general and administrative	1,986	1,967	5,670	5,689
Depreciation	1,362	1,332	4,148	4,093
Amortization	253	235	760	694
	7,091	6,879	21,178	20,516
Operating income	1,711	1,670	5,397	4,975
Other Income (Expense):				
Interest expense	(707)	(601)	(1,828)	(1,840)
Investment income (loss), net	148	74	218	83
Equity in net income (losses) of affiliates, net	(17)	3	(44)	(36)
Other income (expense)	2	11	13	295
	(574)	(513)	(1,641)	(1,498)
Income before income taxes	1,137	1,157	3,756	3,477
Income tax expense	(203)	(401)	(1,088)	(1,364)
Net income from consolidated operations	934	756	2,668	2,113
Net (income) loss attributable to noncontrolling interests	10	15	15	22
Net income attributable to Comcast Corporation	\$ 944	\$ 771	\$ 2,683	\$ 2,135
Basic earnings per common share attributable to Comcast Corporation stockholders	\$ 0.33	\$ 0.26	\$ 0.93	\$ 0.72
Diluted earnings per common share attributable to Comcast Corporation stockholders	\$ 0.33	\$ 0.26	\$ 0.93	\$ 0.72
Dividends declared per common share attributable to Comcast Corporation stockholders	\$ 0.07	\$ 0.06	\$ 0.20	\$ 0.19

See notes to condensed consolidated financial statements.

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

(in millions)	Nine Months Ended September 30	
	2009	2008
Net cash provided by operating activities	\$ 7,725	\$ 7,373
Financing Activities		
Proceeds from borrowings	1,843	3,513
Repurchases and repayments of debt	(4,709)	(1,143)
Repurchases of common stock	(438)	(2,800)
Dividends paid	(568)	(367)
Issuances of common stock	1	53
Other	(186)	(148)
Net cash provided by (used in) financing activities	(4,057)	(892)
Investing Activities		
Capital expenditures	(3,508)	(4,037)
Cash paid for intangible assets	(383)	(376)
Acquisitions, net of cash acquired	(36)	(700)
Proceeds from sales of investments	31	452
Purchases of investments	(142)	(67)
Other	37	(2)
Net cash provided by (used in) investing activities	(4,001)	(4,730)
Increase (decrease) in cash and cash equivalents	(333)	1,751
Cash and cash equivalents, beginning of period	1,195	963
Cash and cash equivalents, end of period	\$ 862	\$ 2,714

See notes to condensed consolidated financial statements.

Table of Contents**Condensed Consolidated Statement of Changes in Equity (Unaudited)**

(in millions)	Comcast Corporation Stockholders' Equity									
	Common Stock				Additional Paid-In Capital	Retained Earnings	Treasury Stock at Cost	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Equity
Redeemable Noncontrolling Interests	A	A Special	B							
Balance, December 31, 2007	\$ 101	\$ 24	\$ 10	\$	\$ 41,688	\$ 7,191	\$ (7,517)	\$ (56)	\$ 149	\$ 41,489
Cumulative effect related to change in accounting principle on January 1, 2008						(132)				(132)
Stock compensation plans					215	(48)				167
Repurchase and retirement of common stock			(1)		(1,562)	(1,237)				(2,800)
Employee stock purchase plan					49					49
Share exchange					166	(166)				
Dividends declared						(547)				(547)
Other comprehensive income (loss)								(8)		(8)
Sale (purchase) of subsidiary shares to (from) noncontrolling interests, net	88									
Contributions from and (distributions to) noncontrolling interests	(1)								(17)	(17)
Net income (loss)	(19)					2,135			(3)	2,132
Balance, September 30, 2008	\$ 169	\$ 24	\$ 9	\$	\$ 40,556	\$ 7,196	\$ (7,517)	\$ (64)	\$ 129	\$ 40,333
Balance, December 31, 2008	\$ 171	\$ 24	\$ 9	\$	\$ 40,620	\$ 7,427	\$ (7,517)	\$ (113)	\$ 126	\$ 40,576
Stock compensation plans					108					108
Repurchase and retirement of common stock					(353)	(112)				(465)
Employee stock purchase plan					46					46
Dividends declared						(582)				(582)
Other comprehensive income (loss)								41		41
Purchases of subsidiary shares from noncontrolling interests					30				(35)	(5)
Contributions from and (distributions to) noncontrolling interests	10								(19)	(19)
Net income (loss)	(13)					2,683			(2)	2,681
Balance, September 30, 2009	\$ 168	\$ 24	\$ 9	\$	\$ 40,451	\$ 9,416	\$ (7,517)	\$ (72)	\$ 70	\$ 42,381

See notes to condensed consolidated financial statements.

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

(in millions)	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
Net income from consolidated operations	\$ 934	\$ 756	\$ 2,668	\$ 2,113
Holding gains (losses) during the period, net of deferred taxes of \$(1), \$3, \$(2) and \$9	2	(6)	6	(16)
Reclassification adjustments for losses (gains) included in net income attributable to Comcast Corporation, net of deferred taxes of \$(3), \$(2), \$(17) and \$(5)	6	4	31	10
Employee benefit obligations, net of deferred taxes		1		
Cumulative translation adjustments		(4)	4	(2)
Comprehensive income	942	751	2,709	2,105
Net (income) loss attributable to noncontrolling interests	10	15	15	22
Comprehensive income attributable to Comcast Corporation	\$ 952	\$ 766	\$ 2,724	\$ 2,127

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 evaluate events or transactions that occur after the balance sheet date but before the financial statements are issued (subsequent events) 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 primarily between operating expenses and selling, general and administrative expenses to conform to classifications used in 2009.

Note 2: Recent Accounting Pronouncements**Noncontrolling Interests in Consolidated Financial Statements**

In November 2007, the Financial Accounting Standards Board (FASB) issued a new accounting standard that provides guidance on the accounting and reporting requirements for noncontrolling interests in consolidated financial statements. The guidance requires noncontrolling interests (previously referred to as minority interests) that are not redeemable to be separately reported in the equity section of an entity s consolidated balance sheet. Redeemable noncontrolling interests continue to be presented outside of equity. The guidance establishes accounting and reporting standards for (i) ownership interests in subsidiaries held by parties other than the parent, (ii) the amount of consolidated net income attributable to the parent and to the noncontrolling interests, (iii) changes in a parent s ownership interest and (iv) the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. In addition, it establishes disclosure requirements, including new financial statement captions that clearly distinguish between controlling and noncontrolling interests. These include a separate presentation of net income attributable to controlling and noncontrolling interests with the combined amounts labeled as Net income from consolidated operations in our statement of operations. Under the guidance, Net income from consolidated operations is comparable to what was previously presented as Income from continuing operations before minority interest and Net income attributable to Comcast Corporation is comparable to what was previously presented as Net income. We adopted the standard on January 1, 2009, at which time we applied the new presentation and disclosure requirements.

The new accounting standard requires the retrospective application of the new financial statement captions. The tables below reflect the revised presentations for our balance sheets as of December 31, 2008 and 2007 and consolidated statements of operations for the years ended December 31, 2008, 2007 and 2006.

Revised Balance Sheet Captions

December 31 (in millions)	2008	2007
Redeemable noncontrolling interests	\$ 171	\$ 101
Noncontrolling interests (in equity)	\$ 126	\$ 149

Table of Contents**Revised Statement of Operations Captions**

Year Ended December 31 (in millions, except per share data)	2008	2007	2006
Net income from consolidated operations	\$ 2,525	\$ 2,549	\$ 2,545
Net (income) loss attributable to noncontrolling interests	22	38	(12)
Net income attributable to Comcast Corporation	\$ 2,547	\$ 2,587	\$ 2,533
Basic earnings per common share attributable to Comcast Corporation stockholders	\$ 0.87	\$ 0.84	\$ 0.80
Diluted earnings per common share attributable to Comcast Corporation stockholders	\$ 0.86	\$ 0.83	\$ 0.79

See Note 7 for further details on our noncontrolling interests.

Consolidation of Variable Interest Entities

In June 2009, the FASB updated the accounting standard related to the consolidation of variable interest entities. The updated standard (i) requires ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity, (ii) eliminates the quantitative approach previously required for determining the primary beneficiary of a variable interest entity and replaces it with a qualitative approach and (iii) requires additional disclosure about an enterprise's involvement in variable interest entities. The updated standard will be effective for us as of January 1, 2010. We are currently assessing the impact this standard will have on our consolidated financial statements.

Subsequent Events

In May 2009, the FASB issued a new accounting standard on the accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued (subsequent events). The standard requires disclosure of the date through which an entity has evaluated subsequent events and whether that date represents the date the financial statements were issued or were available to be issued. This disclosure is intended to alert all users of the financial statements that an entity has not evaluated subsequent events after that date in the set of financial statements being presented. The standard was effective for us as of June 30, 2009. Accordingly, we have evaluated subsequent events through the issuance of these financial statements on November 4, 2009. The adoption of this standard did not have an impact on our consolidated financial statements.

Note 3: Earnings Per Share

Basic earnings per common share attributable to Comcast Corporation stockholders (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 stockholders (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 for the three and nine months ended September 30, 2009 excluded approximately 199 million and 196 million, respectively, of potential common shares related to our share-based compensation plans, because their inclusion would have had an antidilutive effect. For the three and nine months ended September 30, 2008, Diluted EPS excluded approximately 142 million and 127 million potential common shares, respectively.

Table of Contents**Computation of Diluted EPS**

	Three Months Ended September 30					
	2009			2008		
(in millions, except per share data)	Net Income Attributable to Comcast Corporation	Shares	Per Share Amount	Net Income Attributable to Comcast Corporation	Shares	Per Share Amount
Basic EPS attributable to Comcast Corporation stockholders	\$ 944	2,872	\$ 0.33	\$ 771	2,909	\$ 0.26
Effect of dilutive securities:						
Assumed exercise or issuance of shares related to stock plans		5			11	
Diluted EPS attributable to Comcast Corporation stockholders	\$ 944	2,877	\$ 0.33	\$ 771	2,920	\$ 0.26

	Nine Months Ended September 30					
	2009			2008		
(in millions, except per share data)	Net Income Attributable to Comcast Corporation	Shares	Per Share Amount	Net Income Attributable to Comcast Corporation	Shares	Per Share Amount
Basic EPS attributable to Comcast Corporation stockholders	\$ 2,683	2,882	\$ 0.93	\$ 2,135	2,958	\$ 0.72
Effect of dilutive securities:						
Assumed exercise or issuance of shares related to stock plans		8			15	
Diluted EPS attributable to Comcast Corporation stockholders	\$ 2,683	2,890	\$ 0.93	\$ 2,135	2,973	\$ 0.72

Note 4: Investments

(in millions)	September 30, 2009	December 31, 2008
Fair value method	\$ 1,773	\$ 943
Equity method, primarily SpectrumCo and Clearwire	2,189	2,177
Cost method, primarily AirTouch redeemable preferred shares	1,793	1,722
Total investments	5,755	4,842
Less: Current investments	56	59
Noncurrent investments	\$ 5,699	\$ 4,783

As of September 30, 2009 and December 31, 2008, the estimated fair value of the AirTouch preferred stock was \$1.541 billion and \$1.357 billion, respectively.

Components of Investment Income (Loss), Net

(in millions)	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
Gains on sales and exchanges of investments, net	\$ 10	\$	\$ 14	\$ 14
Investment impairment losses	(2)	(3)	(21)	(5)
Unrealized gains (losses) on securities underlying prepaid forward sale agreements	456	(122)	836	(413)
Mark to market adjustments on derivative component of prepaid forward sale agreements	(357)	138	(697)	411
Mark to market adjustments on derivative component of ZONES	2	49	6	27
Interest and dividend income	25	35	79	108

Edgar Filing: COMCAST CORP - Form 10-Q

Other	14	(23)	1	(59)
Investment income (loss), net	\$ 148	\$ 74	\$ 218	\$ 83

Table of Contents

Note 5: Long-Term Debt

Borrowings

In June 2009, we issued \$700 million principal amount of 5.70% notes due 2019 and \$800 million principal amount of 6.55% notes due 2039. During the nine months ended September 30, 2009, we issued \$300 million face amount of commercial paper, net of repayments. The net proceeds of these issuances, together with cash on hand, were used for the purchase of notes included in the cash tender offer, as described below, as well as for the repayment of outstanding borrowings under our revolving credit facility, the repayment of debt at its maturity as well as working capital and general corporate purposes.

Redemptions and Repayments

In June 2009, we repaid at maturity \$750 million principal amount of our 6.875% notes due 2009. In July 2009, we repaid at maturity \$1.2 billion principal amount of our floating rate notes due 2009.

In July 2009, we completed a cash tender to purchase \$1.3 billion aggregate principal amount of certain of our outstanding notes consisting of approximately \$621 million principal amount of our 8.375% notes due 2013, \$367 million principal amount of our 7.125% notes due 2013 and \$312 million principal amount of our 7.875% senior debentures due 2013. During the three months ended September 30, 2009, we recognized approximately \$180 million of interest expense primarily associated with the premiums incurred in the tender offer.

During the nine months ended September 30, 2009, we repaid all \$1.0 billion of amounts outstanding under our revolving credit facility due 2013.

Note 6: Derivative Financial Instruments and Fair Value Measurements

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 exposures 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. Our risk management control system is used to assist us in monitoring the hedging program, derivative positions and hedging strategies. Hedges 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. The valuation adjustments we recorded against the derivative assets to reflect counterparty credit risk are not significant.

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 related 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 instruments that are not designated as a hedge, changes in fair value are recognized on a current basis in earnings.

As of September 30, 2009, our derivatives designated as hedges included (i) the derivative component of our prepaid forward sale agreements, which are recorded to other noncurrent liabilities, and (ii) our interest rate swap agreements, which are recorded to other current or noncurrent assets or liabilities. Changes in the fair value of the derivative component of our prepaid forward sale agreements are recorded to investment income (loss). 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.

As of September 30, 2009, our derivatives not designated as hedges included the derivative component of our ZONES debt, which is recorded to long-term debt.

Table of Contents

As of September 30, 2009, our debt had an estimated fair value of \$32.153 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.

Recurring Fair Value Measures

(in millions)	Fair Value as of September 30, 2009				December 31, 2008
	Level 1	Level 2	Level 3	Total	Total
Assets					
Trading securities	\$ 1,769	\$	\$	\$ 1,769	\$ 932
Available-for-sale securities	3			3	10
Equity warrants			1	1	1
Interest rate swap agreements		184		184	291
	\$ 1,772	\$ 184	\$ 1	\$ 1,957	\$ 1,234
Liabilities					
Derivative component of ZONES	\$	\$ 16	\$	\$ 16	\$ 23
Derivative component of prepaid forward sale agreements		231		231	(466)
Interest rate swap agreements		2		2	1
	\$	\$ 249	\$	\$ 249	\$ (442)

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

(in millions)	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2009
Designated Fair Value Hedging Relationships		
Interest Income (Expense):		
Interest rate swap agreements (fixed-to-variable)	\$ 43	\$ (108)
Long-term debt interest rate swap agreements (fixed-to-variable)	(43)	108
Investment Income (Expense):		
Mark to market adjustments on derivative component of prepaid forward sale agreements	(357)	(697)
Unrealized gains (losses) on securities underlying prepaid forward sale agreements	456	836
Gain (Loss) on Fair Value Hedging Relationships	99	139
Nondesignated		
Investment Income (Expense):		
Mark to market adjustments on derivative component of ZONES	2	6
Total Gain (Loss)	\$ 101	\$ 145

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

Note 7: 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 interests at fair value on the date of redemption. In accordance with the accounting guidance for the classification and measurement of redeemable interests, 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.

Table of Contents

During the nine months ended September 30, 2009, we purchased all of the noncontrolling interest of one of our technology ventures, which had a carrying value of approximately \$35 million, for approximately \$5 million and rights to existing intellectual property. The difference between the amount paid and the carrying value of the noncontrolling interest resulted in an increase of approximately \$30 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, 2009
Net income attributable to Comcast Corporation	\$ 2,683
Transfers from (to) noncontrolling interests:	
Increase in Comcast Corporation additional paid-in capital resulting from the purchase of noncontrolling interest	30
Changes from net income attributable to Comcast Corporation and transfers from (to) noncontrolling interests	\$ 2,713

Note 8: 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 2009, we granted 29.5 million stock options and 10.0 million RSUs related to our annual management grant program. The fair values associated with these grants were \$4.94 per stock option and \$13.48 per RSU.

Recognized Share-Based Compensation Expense

(in millions)	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
Stock options	\$ 28	\$ 29	\$ 75	\$ 73
Restricted share units	29	27	69	70
Employee stock purchase plan	3	4	10	12
Total	\$ 60	\$ 60	\$ 154	\$ 155

As of September 30, 2009, there was \$344 million and \$318 million of unrecognized pretax compensation cost related to nonvested stock options and nonvested RSUs, respectively.

The employee cost associated with participation in the employee stock purchase plan was satisfied with payroll deductions of approximately \$11 million and \$38 million for the three and nine months ended September 30, 2009, respectively. For the three and nine months ended September 30, 2008, the employee cost was approximately \$12 million and \$40 million, respectively.

Accumulated Other Comprehensive Income (Loss)

The table below presents our accumulated other comprehensive income (loss), net of deferred taxes.

September 30 (in millions)	2009	2008
Unrealized gains (losses) on marketable securities	\$ 23	\$ 12

Edgar Filing: COMCAST CORP - Form 10-Q

Deferred gains (losses) on cash flow hedges	(64)	(100)
Unrealized gains (losses) on employee benefit obligations	(31)	23
Cumulative translation adjustments		1
Accumulated other comprehensive income (loss)	\$ (72)	\$ (64)

Table of Contents

Deferred losses on cash flow hedges in the table above relate primarily to previous interest rate lock agreements. As of September 30, 2009, we expect \$16 million of unrealized losses, \$10 million net of deferred taxes, to be reclassified as an adjustment to interest expense over the next 12 months.

Note 9: Income Taxes

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 (see Note 13). The primary impacts of these adjustments were reductions to our deferred income tax and other long-term liabilities. These adjustments also reduced our unrecognized tax benefits, which were approximately \$1.2 billion as of September 30, 2009.

In October 2009, we reached tentative settlements with various taxing authorities that are expected to result in recognition of additional tax benefits and a further reduction of our unrecognized tax benefits in 2009.

Note 10: Statement of Cash Flows Supplemental Information

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

(in millions)	Nine Months Ended September 30	
	2009	2008
Net income from consolidated operations	\$ 2,668	\$ 2,113
Adjustments to reconcile net income from consolidated operations to net cash provided by operating activities:		
Depreciation	4,148	4,093
Amortization	760	694
Share-based compensation	192	195
Noncash interest expense (income), net	125	164
Equity in net (income) losses of affiliates, net	44	36
(Gains) losses on investments and noncash other (income) expense, net	(146)	(287)
Deferred income taxes	572	609
Changes in operating assets and liabilities, net of effects of acquisitions and divestitures:		
Change in accounts receivable, net	(11)	4
Change in accounts payable and accrued expenses related to trade creditors	(73)	(21)
Change in other operating assets and liabilities	(554)	(227)
Net cash provided by operating activities	\$ 7,725	\$ 7,373
Cash Payments for Interest and Income Taxes		

(in millions)	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
Interest	\$ 615	\$ 679	\$ 1,678	\$ 1,795
Income taxes	\$ 194	\$ 234	\$ 940	\$ 589
Noncash Financing and Investing Activities				

During the nine months ended September 30, 2009, we:

recorded a liability of approximately \$193 million for a quarterly cash dividend of \$0.0675 per common share paid in October 2009, which is a noncash financing activity

Edgar Filing: COMCAST CORP - Form 10-Q

recorded a liability of approximately \$27 million for share repurchases that settled in October 2009, which is a noncash financing activity

acquired approximately \$381 million of property and equipment and software that was accrued but unpaid, which is a noncash investing activity

Table of Contents

Note 11: 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. The obligation expires March 2011. Although there can be no assurance, we believe that we will not be required to meet our obligation under this commitment. The total notional amount of our commitment was \$410 million as of September 30, 2009, 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 subscriber base in the Boston Cluster area, and the potential class in the Pennsylvania case is our subscriber base in the Philadelphia and Chicago Clusters, as those terms are defined in the complaints. In each case, the plaintiffs allege that certain subscriber 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 subscribers 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. A hearing on the plaintiffs' new motion, which was filed in April 2009, took place in October 2009, and a decision is pending. The plaintiffs' claims concerning the other two clusters are stayed pending determination of the Philadelphia Cluster claims.

In addition, we are among the defendants in a purported class action filed in the United States District Court for the Central District of California (Central District) 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 subscribers 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 subscribers on an unbundled basis. In October 2009, the Central District issued an order dismissing the plaintiffs' complaint with prejudice. Plaintiffs have appealed that order to the Ninth Circuit Court of Appeals.

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 alleged class comprises participants in our retirement investment (401(k)) plan that invested in the plan's company stock account. The plaintiff asserts 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. The plaintiff seeks unspecified damages. In June 2009, the plaintiff filed a motion to have the case certified as a class action and we filed a response opposing that motion.

* * *

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**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 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.

Note 12: 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 approximately 95% of our assets relate to our 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(e)(f)	Total
Three months ended September 30, 2009					
Revenue(g)	\$ 8,356	\$ 383	\$ 156	\$ (93)	\$ 8,802
Operating income (loss) before depreciation and amortization(h)	3,314	118	(107)	1	3,326
Depreciation and amortization	1,541	49	30	(5)	1,615
Operating income (loss)	1,773	69	(137)	6	1,711
Capital expenditures	1,212	9	6		1,227
Three months ended September 30, 2008					
Revenue(g)	\$ 8,131	\$ 347	\$ 128	\$ (57)	\$ 8,549
Operating income (loss) before depreciation and amortization(h)	3,251	105	(119)		3,237
Depreciation and amortization	1,502	46	27	(8)	1,567
Operating income (loss)	1,749	59	(146)	8	1,670
Capital expenditures	1,268	12	26		1,306
Nine months ended September 30, 2009					
Revenue(g)	\$ 25,181	\$ 1,128	\$ 517	\$ (251)	\$ 26,575
Operating income (loss) before depreciation and amortization(h)	10,221	343	(258)	(1)	10,305
Depreciation and amortization	4,698	146	86	(22)	4,908
Operating income (loss)	5,523	197	(344)	21	5,397
Capital expenditures	3,450	23	35		3,508
Nine months ended September 30, 2008					
Revenue(g)	\$ 24,147	\$ 1,076	\$ 453	\$ (185)	\$ 25,491
Operating income (loss) before depreciation and amortization(h)	9,755	307	(299)	(1)	9,762
Depreciation and amortization	4,587	145	78	(23)	4,787
Operating income (loss)	5,168	162	(377)	22	4,975
Capital expenditures	3,877	22	138		4,037

(a) For the three and nine months ended September 30, 2009 and 2008, Cable segment revenue was derived from the following services:

Table of Contents

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
Video	57.2%	58.6%	57.9%	59.4%
High-speed Internet	23.1	22.4	22.9	22.2
Phone	9.9	8.5	9.6	7.9
Advertising	3.8	4.7	3.6	4.7
Franchise fees	2.8	2.8	2.8	2.8
Other	3.2	3.0	3.2	3.0
Total	100%	100%	100%	100%

Subscription revenue received from customers who purchase bundled services at a discounted rate is allocated proportionately 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, including E!, Golf Channel, VERSUS, G4 and Style.
- (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 various corporate partners, such as Motorola and Gemstar. 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 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

Edgar Filing: COMCAST CORP - Form 10-Q

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.

Table of Contents**Note 13: 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.

On August 31, 2009, we merged our wholly owned subsidiary Comcast Cable Communications Holdings, Inc. (CCCH), a guarantor prior to the merger, with and into CCCL. Accordingly, the financial information for the CCCL parent reflects both the former CCCH parent and the CCCL parent for all periods presented.

Comcast Corporation unconditionally guarantees the \$211 million principal amount currently outstanding of Comcast Holdings' ZONES due October 2029 and the \$202 million principal amount currently outstanding of Comcast Holdings' 10 5/8% senior subordinated debentures due 2012. Comcast Corporation does not guarantee the \$71 million principal amount outstanding of Comcast Holdings' ZONES due November 2029. We have included Comcast Holdings' condensed consolidating financial information for all periods presented. Our condensed consolidating financial information is presented in the tables below.

Comcast Corporation**Condensed Consolidating Balance Sheet****September 30, 2009**

(in millions)	Comcast Parent	CCCL Parent	Combined CCHMO Parents	Comcast Holdings	Non-Guarantor Subsidiaries	Elimination and Consolidation Adjustments	Consolidated Comcast Corporation
ASSETS							
Cash and cash equivalents	\$	\$	\$	\$	\$ 862	\$	\$ 862
Investments					56		56
Accounts receivable, net					1,639		1,639
Other current assets	188	2			659		849
Total current assets	188	2			3,216		3,406
Investments					5,699		5,699
Investments in and amounts due from subsidiaries eliminated upon consolidation	73,639	79,245	46,299	27,635	5,355	(232,173)	
Property and equipment, net	307				23,298		23,605
Franchise rights					59,442		59,442
Goodwill					14,934		14,934
Other intangible assets, net	11				4,198		4,209
Other noncurrent assets, net	406	15		9	738		1,168
Total assets	\$ 74,551	\$ 79,262	\$ 46,299	\$ 27,644	\$ 116,880	\$ (232,173)	\$ 112,463
LIABILITIES AND EQUITY							
Accounts payable and accrued expenses related to trade creditors	\$ 198	\$	\$	\$	\$ 2,935	\$	\$ 3,133
Accrued expenses and other current liabilities	758	257	29	125	1,836		3,005
Current portion of long-term debt	902				52		954
Total current liabilities	1,858	257	29	125	4,823		7,092
Long-term debt, less current portion	20,629	4,925	2,356	326	257		28,493
Deferred income taxes	8,068			688	18,810		27,566
Other noncurrent liabilities	1,685			171	4,907		6,763
Redeemable noncontrolling interests					168		168
Equity:							
Common stock	33						33
Other stockholders' equity	42,278	74,080	43,914	26,334	87,845	(232,173)	42,278
Total Comcast Corporation stockholders' equity	42,311	74,080	43,914	26,334	87,845	(232,173)	42,311
Noncontrolling interests					70		70

Edgar Filing: COMCAST CORP - Form 10-Q

Total equity	42,311	74,080	43,914	26,334	87,915	(232,173)	42,381
Total liabilities and equity	\$ 74,551	\$ 79,262	\$ 46,299	\$ 27,644	\$ 116,880	\$ (232,173)	\$ 112,463

Table of Contents**Comcast Corporation****Condensed Consolidating Balance Sheet****December 31, 2008**

(in millions)	Comcast Parent	CCCL Parent	Combined CCHMO Parents	Comcast Holdings	Non- Guarantor Subsidiaries	Elimination and Consolidation Adjustments	Consolidated Comcast Corporation
ASSETS							
Cash and cash equivalents	\$	\$	\$	\$	\$ 1,195	\$	\$ 1,195
Investments					59		59
Accounts receivable, net					1,626		1,626
Other current assets	171	8			657		836
Total current assets	171	8			3,537		3,716
Investments					4,783		4,783
Investments in and amounts due from subsidiaries eliminated upon consolidation	70,076	78,035	46,314	26,519	4,471	(225,415)	
Property and equipment, net	306				24,138		24,444
Franchise rights					59,449		59,449
Goodwill					14,889		14,889
Other intangible assets, net	1				4,557		4,558
Other noncurrent assets, net	603	21		17	537		1,178
Total assets	\$ 71,157	\$ 78,064	\$ 46,314	\$ 26,536	\$ 116,361	\$ (225,415)	\$ 113,017
LIABILITIES AND EQUITY							
Accounts payable and accrued expenses related to trade creditors	\$ 196	\$	\$	\$	\$ 3,197	\$	\$ 3,393
Accrued expenses and other current liabilities	810	297	87	129	1,945		3,268
Current portion of long-term debt	1,242	1,006			30		2,278
Total current liabilities	2,248	1,303	87	129	5,172		8,939
Long-term debt, less current portion	19,839	6,756	2,691	610	282		30,178
Deferred income taxes	7,160			656	19,166		26,982
Other noncurrent liabilities	1,460			119	4,592		6,171
Redeemable noncontrolling interests					171		171
Equity:							
Common stock	33						33
Other stockholders' equity	40,417	70,005	43,536	25,022	86,852	(225,415)	40,417
Total Comcast Corporation stockholders' equity	40,450	70,005	43,536	25,022	86,852	(225,415)	40,450
Noncontrolling interests					126		126
Total equity	40,450	70,005	43,536	25,022	86,978	(225,415)	40,576
Total liabilities and equity	\$ 71,157	\$ 78,064	\$ 46,314	\$ 26,536	\$ 116,361	\$ (225,415)	\$ 113,017

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

(in millions)	Comcast Parent	CCCL Parent	Combined CCHMO Parents	Comcast Holdings	Non- Guarantor Subsidiaries	Elimination and Consolidation Adjustments	Consolidated Comcast Corporation
Revenue:							
Service revenue	\$	\$	\$	\$	\$ 8,802	\$	\$ 8,802
Management fee revenue	192	168	108			(468)	
	192	168	108		8,802	(468)	8,802
Costs and Expenses:							
Operating (excluding depreciation and amortization)					3,490		3,490
Selling, general and administrative	92	168	108	15	2,071	(468)	1,986
Depreciation	7				1,355		1,362
Amortization					253		253
Operating income (loss)	93	168	108	15	7,169	(468)	7,091
Other Income (Expense):				(15)	1,633		1,711
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	629	(234)	(3,633)	(17)
Other income (expense)					2		2
	767	1,013	774	623	(118)	(3,633)	(574)
Income (loss) before income taxes	860	1,013	774	608	1,515	(3,633)	1,137
Income tax (expense) benefit	84	89	28	7	(411)		(203)
Net income (loss) from consolidated operations	944	1,102	802	615	1,104	(3,633)	934
Net (income) loss attributable to noncontrolling interests					10		10
Net income (loss) attributable to Comcast Corporation	\$ 944	\$ 1,102	\$ 802	\$ 615	\$ 1,114	\$ (3,633)	\$ 944

Table of Contents**Comcast Corporation****Condensed Consolidating Statement of Operations****For the Three Months Ended September 30, 2008**

(in millions)	Comcast Parent	CCCL Parent	Combined CCHMO Parents	Comcast Holdings	Non- Guarantor Subsidiaries	Elimination and Consolidation Adjustments	Consolidated Comcast Corporation
Revenue:							
Service revenue	\$	\$	\$	\$	\$ 8,549	\$	\$ 8,549
Management fee revenue	184	161	104			(449)	
	184	161	104		8,549	(449)	8,549
Costs and Expenses:							
Operating (excluding depreciation and amortization)					3,345		3,345
Selling, general and administrative	95	161	104	14	2,042	(449)	1,967
Depreciation	7				1,325		1,332
Amortization					235		235
	102	161	104	14	6,947	(449)	6,879
Operating income (loss)	82			(14)	1,602		1,670
Other Income (Expense):							
Interest expense	(333)	(158)	(52)	(26)	(32)		(601)
Investment income (loss), net	(13)			49	38		74
Equity in net income (losses) of affiliates, net	940	1,122	719	375	17	(3,170)	3
Other income (expense)					11		11
	594	964	667	398	34	(3,170)	(513)
Income (loss) before income taxes	676	964	667	384	1,636	(3,170)	1,157
Income tax (expense) benefit	95	54	18	(3)	(565)		(401)
Net income (loss) from consolidated operations	771	1,018	685	381	1,071	(3,170)	756
Net (income) loss attributable to noncontrolling interests					15		15
Net income (loss) attributable to Comcast Corporation	\$ 771	\$ 1,018	\$ 685	\$ 381	\$ 1,086	\$ (3,170)	\$ 771

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

(in millions)	Comcast Parent	CCCL Parent	Combined CCHMO Parents	Comcast Holdings	Non- Guarantor Subsidiaries	Elimination and Consolidation Adjustments	Consolidated Comcast Corporation
Revenue:							
Service revenue	\$	\$	\$	\$	26,575	\$	\$ 26,575
Management fee revenue	576	504	323			(1,403)	
	576	504	323		26,575	(1,403)	26,575
Costs and Expenses:							
Operating (excluding depreciation and amortization)					10,600		10,600
Selling, general and administrative	252	504	323	43	5,951	(1,403)	5,670
Depreciation	21				4,127		4,148
Amortization					760		760
	273	504	323	43	21,438	(1,403)	21,178
Operating income (loss)	303			(43)	5,137		5,397
Other Income (Expense):							
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	1,430	(329)	(10,293)	(44)
Other income (expense)					13		13
	2,145	3,030	2,257	1,419	(199)	(10,293)	(1,641)
Income (loss) before income taxes	2,448	3,030	2,257	1,376	4,938	(10,293)	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	1,395	3,336	(10,293)	2,668
Net (income) loss attributable to noncontrolling interests					15		15
Net income (loss) attributable to Comcast Corporation	\$ 2,683	\$ 3,227	\$ 2,320	\$ 1,395	\$ 3,351	\$ (10,293)	\$ 2,683

Table of Contents**Comcast Corporation****Condensed Consolidating Statement of Operations****For the Nine Months Ended September 30, 2008**

(in millions)	Comcast Parent	CCCL Parent	Combined CCHMO Parents	Comcast Holdings	Non- Guarantor Subsidiaries	Elimination and Consolidation Adjustments	Consolidated Comcast Corporation
Revenue:							
Service revenue	\$	\$	\$	\$	\$ 25,491	\$	\$ 25,491
Management fee revenue	544	472	306			(1,322)	
	544	472	306		25,491	(1,322)	25,491
Costs and Expenses:							
Operating (excluding depreciation and amortization)					10,040		10,040
Selling, general and administrative	272	472	306	40	5,921	(1,322)	5,689
Depreciation	17				4,076		4,093
Amortization					694		694
	289	472	306	40	20,731	(1,322)	20,516
Operating income (loss)	255			(40)	4,760		4,975
Other Income (Expense):							
Interest expense	(976)	(479)	(162)	(121)	(102)		(1,840)
Investment income (loss), net	(22)			27	78		83
Equity in net income (losses) of affiliates, net	2,616	3,197	2,088	1,065	(38)	(8,964)	(36)
Other income (expense)	(1)				296		295
	1,617	2,718	1,926	971	234	(8,964)	(1,498)
Income (loss) before income taxes	1,872	2,718	1,926	931	4,994	(8,964)	3,477
Income tax (expense) benefit	263	167	57	47	(1,898)		(1,364)
Net income (loss) from consolidated operations	2,135	2,885	1,983	978	3,096	(8,964)	2,113
Net (income) loss attributable to noncontrolling interests					22		22
Net income (loss) attributable to Comcast Corporation	\$ 2,135	\$ 2,885	\$ 1,983	\$ 978	\$ 3,118	\$ (8,964)	\$ 2,135

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

(in millions)	Comcast Parent	CCCL Parent	Combined CCHMO Parents	Comcast Holdings	Non- Guarantor Subsidiaries	Elimination and Consolidation Adjustments	Consolidated Comcast Corporation
Net cash provided by (used in) operating activities	\$ 22	\$ (330)	\$ (197)	\$ 6	\$ 8,224		\$ 7,725
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)
Issuances of common stock	1						1
Other	(10)	(130)	(42)		(4)		(186)
Net cash provided by (used in) financing activities	(464)	(2,966)	(354)	(262)	(11)		(4,057)
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)
Increase (decrease) in cash and cash equivalents					(333)		(333)
Cash and cash equivalents, beginning of period					1,195		1,195
Cash and cash equivalents, end of period	\$	\$	\$	\$	862	\$	\$ 862

Table of Contents**Comcast Corporation****Condensed Consolidating Statement of Cash Flows****For the Nine Months Ended September 30, 2008**

(in millions)	Comcast Parent	CCCL Parent	Combined CCHMO Parents	Comcast Holdings	Non- Guarantor Subsidiaries	Elimination and Consolidation Adjustments	Consolidated Comcast Corporation
Net cash provided by (used in) operating activities	\$ (172)	\$ (356)	\$ (187)	\$ 25	\$ 8,063	\$	\$ 7,373
Financing Activities:							
Proceeds from borrowings	1,998	1,500			15		3,513
Retirement and repayments of debt	(300)	(350)	(300)	(154)	(39)		(1,143)
Repurchases of common stock	(2,800)						(2,800)
Dividends paid	(367)						(367)
Issuances of common stock	53						53
Other	(3)			(53)	(92)		(148)
Net cash provided by (used in) financing activities	(1,419)	1,150	(300)	(207)	(116)		(892)
Investing Activities:							
Net transactions with affiliates	1,753	(794)	487	182	(1,628)		
Capital expenditures	(124)				(3,913)		(4,037)
Cash paid for intangible assets					(376)		(376)
Acquisitions, net of cash acquired					(700)		(700)
Proceeds from sales of investments					452		452
Purchases of investments					(67)		(67)
Other	(38)				36		(2)
Net cash provided by (used in) investing activities	1,591	(794)	487	182	(6,196)		(4,730)
Increase (decrease) in cash and cash equivalents					1,751		1,751
Cash and cash equivalents, beginning of period					963		963
Cash and cash equivalents, end of period	\$	\$	\$	\$	\$ 2,714	\$	\$ 2,714

Table of Contents

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

Overview

We are the nation's leading provider of cable services, offering a variety of entertainment, information and communications services to residential and commercial customers. As of September 30, 2009, our cable systems served approximately 23.8 million video customers, 15.7 million high-speed Internet customers and 7.4 million phone customers and passed over 51 million homes in 39 states and the District of Columbia. We report the results of these operations as our Cable segment, which generates approximately 95% of our revenue. Our Cable segment generates revenue primarily through subscriptions to our video, high-speed Internet and phone services ("cable services"). Other Cable segment revenue sources include advertising and the operation of our regional sports networks. Our other reportable segment, Programming, consists primarily of our consolidated national programming networks, including E!, Golf Channel, VERSUS, G4 and Style. Revenue from our Programming segment is generated primarily from the sale of advertising, from monthly per subscriber license fees paid by multichannel video providers and from licensing our programming internationally.

Highlights and business developments for the nine months ended September 30, 2009 include the following:

an increase in consolidated revenue of 4.3% to approximately \$26.6 billion and an increase in consolidated operating income of 8.5% to approximately \$5.4 billion compared to the same period in 2008

an increase in Cable segment revenue of 4.3% to approximately \$25.2 billion and an increase in operating income before depreciation and amortization of 4.8% to approximately \$10.2 billion compared to the same period in 2008

the addition of approximately 755,000 high-speed Internet customers, approximately 906,000 digital phone customers, and a net decrease of approximately 424,000 video customers with the addition or upgrade from analog of approximately 1.0 million digital video customers

a reduction in Cable segment capital expenditures of 11.0% to approximately \$3.4 billion compared to the same period in 2008

the repurchase of approximately 31.6 million shares of our Class A and Class A Special common stock under our share repurchase authorization for approximately \$465 million

a decrease in our total debt primarily due to approximately \$2.0 billion of scheduled debt maturities and approximately \$1.3 billion related to the completion of a cash tender offer

Table of Contents**Consolidated Operating Results**

	Three Months Ended		Increase/ (Decrease)	Nine Months Ended		Increase/ (Decrease)
	September 30			September 30		
(in millions)	2009	2008		2009	2008	
Revenue	\$ 8,802	\$ 8,549	3.0%	\$ 26,575	\$ 25,491	4.3%
Costs and Expenses:						
Operating, selling, general and administrative (excluding depreciation and amortization)	5,476	5,312	3.1	16,270	15,729	3.4
Depreciation	1,362	1,332	2.2	4,148	4,093	1.3
Amortization	253	235	8.1	760	694	9.6
Operating income	1,711	1,670	2.4	5,397	4,975	8.5
Other income (expense) items, net	(574)	(513)	11.8	(1,641)	(1,498)	9.5
Income before income taxes	1,137	1,157	(1.7)	3,756	3,477	8.0
Income tax expense	(203)	(401)	(49.4)	(1,088)	(1,364)	(20.2)
Net income from consolidated operations	934	756	23.6	2,668	2,113	26.3
Net (income) loss attributable to noncontrolling interests	10	15	(33.4)	15	22	(33.5)
Net income attributable to Comcast Corporation	\$ 944	\$ 771	22.5%	\$ 2,683	\$ 2,135	25.7%

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

Consolidated Revenue

Our Cable segment and Programming segment accounted for substantially all of the increases in consolidated revenue for the three and nine months ended September 30, 2009 compared to the same periods in 2008. Our other business activities consist primarily of 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 and Programming 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, 2009 compared to the same periods in 2008. The remaining changes related to our other business activities, primarily growth in our Comcast Interactive Media business and Comcast Spectacor. Cable segment and Programming segment operating, selling, general and administrative expenses are discussed separately in Segment Operating Results.

Consolidated Depreciation and Amortization

Depreciation expense for the three and nine months ended September 30, 2009 increased slightly compared to the same periods in 2008 primarily due to increases in property and equipment.

The increases in amortization expense for the three and nine months ended September 30, 2009 compared to the same periods in 2008 were primarily due to increases in software intangibles.

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

Table of Contents

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, 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 consolidated financial statements (see Note 12 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 Operating Results

(in millions)	Three Months Ended		Increase/(Decrease)	
	September 30		\$	%
	2009	2008		
Video ^(a)	\$ 4,777	\$ 4,767	\$ 10	0.2%
High-speed Internet	1,930	1,822	108	5.9
Phone	829	690	139	20.2
Advertising ^(a)	321	381	(60)	(15.6)
Other ^(a)	261	243	18	7.0
Franchise fees	238	228	10	4.2
Revenue	8,356	8,131	225	2.8
Operating expenses ^(a)	3,340	3,182	158	5.0
Selling, general and administrative expenses ^(a)	1,702	1,698	4	0.2
Operating income before depreciation and amortization	\$ 3,314	\$ 3,251	\$ 63	2.0%

(in millions)	Nine Months Ended		Increase/(Decrease)	
	September 30		\$	%
	2009	2008		
Video ^(a)	\$ 14,590	\$ 14,345	\$ 245	1.7%
High-speed Internet	5,768	5,364	404	7.5
Phone	2,407	1,917	490	25.6
Advertising ^(a)	908	1,132	(224)	(19.8)
Other ^(a)	798	710	88	12.3
Franchise fees	710	679	31	4.5
Revenue	25,181	24,147	1,034	4.3
Operating expenses ^(a)	10,035	9,486	549	5.8
Selling, general and administrative expenses ^(a)	4,925	4,906	19	0.4
Operating income before depreciation and amortization	\$ 10,221	\$ 9,755	\$ 466	4.8%

(a) Reclassifications have been made to 2008 amounts to conform to classifications used in 2009.

Cable Segment Revenue*Video*

Our video revenue increased during the three and nine months ended September 30, 2009 compared to the same periods in 2008 primarily due to rate adjustments and customer upgrades to digital and advanced services, offset by a net decline in video customers. During the three and nine months ended September 30, 2009, the number of video customers decreased by approximately 132,000 and 424,000, respectively, primarily due to increased competition in our service areas, as well as the weakness in the economy. During the three and nine months ended September 30, 2009, we added or upgraded approximately 463,000 and 1.0 million customers to our digital video service, respectively. As of September 30, 2009, approximately 76% of our 23.8 million video customers subscribed to at least one of our digital video services. Our average monthly video revenue per video customer increased to approximately \$68 as of September 30, 2009 from approximately \$65 as of September 30, 2008. Continued competition and weak economic conditions are expected to result in further declines in the number of video customers.

Table of Contents**High-Speed Internet**

Our high-speed Internet revenue increased during the three and nine months ended September 30, 2009 compared to the same periods in 2008 were primarily due to increases in the number of residential and commercial customers. During the three and nine months ended September 30, 2009, we added approximately 361,000 and 755,000 high-speed Internet customers, respectively. Average monthly revenue per high-speed Internet customer has remained relatively stable. The rate of residential customer and revenue growth has slowed due to increased competition and weak economic conditions.

Phone

Our phone revenue increased during the three and nine months ended September 30, 2009 compared to the same periods in 2008 due to increases in the number of phone customers. During the three and nine months ended September 30, 2009, we added approximately 375,000 and 906,000 digital phone customers, respectively. Average monthly revenue per phone customer has remained relatively stable. The rate of customer and revenue growth has slowed due to increased competition and weak economic conditions.

Advertising

Advertising revenue decreased for the three and nine months ended September 30, 2009 compared to the same periods in 2008 primarily due to a decline in the overall television advertising market as a result of weak economic conditions, particularly in the automotive and housing sectors, and a decline in political advertising.

Other

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

Franchise Fees

The increases in franchise fees collected from our cable customers for the three and nine months ended September 30, 2009 compared to the same periods in 2008 were primarily due to increases in the revenue on which the fees apply.

Cable Segment Operating Expenses

(in millions)	Three Months Ended			
	September 30		Increase/(Decrease)	
	2009	2008	\$	%
Video programming	\$ 1,759	\$ 1,617	\$ 142	8.8%
Technical labor	561	559	2	0.2
High-speed Internet	123	131	(8)	(5.8)
Phone	154	179	(25)	(14.3)
Other	743	696	47	6.9
Total operating expenses	\$ 3,340	\$ 3,182	\$ 158	5.0%

(in millions)	Nine Months Ended			
	September 30		Increase/(Decrease)	
	2009	2008	\$	%
Video programming	\$ 5,292	\$ 4,847	\$ 445	9.2%
Technical labor	1,707	1,598	109	6.8
High-speed Internet	360	405	(45)	(11.1)
Phone	471	561	(90)	(16.0)
Other	2,205	2,075	130	6.3

Edgar Filing: COMCAST CORP - Form 10-Q

Total operating expenses	\$ 10,035	\$ 9,486	\$ 549	5.8%
---------------------------------	------------------	-----------------	---------------	-------------

Video programming expenses increased during the three and nine months ended September 30, 2009 compared to the same periods in 2008 primarily due to rate increases, additional digital customers and additions to the number of programming options we offer. Technical labor expenses increased during the nine months ended

Table of Contents

September 30, 2009 compared to the same period in 2008 primarily due to the activity associated with the transition by broadcasters from analog to digital transmission.

High-speed Internet expenses and phone expenses include certain direct costs identified by us for providing these services but do not fully reflect the amounts for 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 captions. Our high-speed Internet and phone expenses decreased during the three and nine months ended September 30, 2009 compared to the same periods in 2008 primarily due to lower support service costs that were the result of operating efficiencies and our entering into new contracts with lower cost providers and renegotiating existing contracts. Other expenses increased during the three and nine months ended September 30, 2009 compared to the same periods in 2008 primarily due to the continued expansion of our cable services to small and medium-sized businesses and an increase in franchise fees.

Cable Segment Selling, General and Administrative Expenses

(in millions)	Three Months Ended			
	September 30		Increase/(Decrease)	
	2009	2008	\$	%
Customer service	\$ 476	\$ 443	\$ 33	7.4%
Marketing	442	426	16	3.7
Administrative and other	784	829	(45)	(5.5)
Total selling, general and administrative expenses	\$ 1,702	\$ 1,698	\$ 4	0.2%

(in millions)	Nine Months Ended			
	September 30		Increase/(Decrease)	
	2009	2008	\$	%
Customer service	\$ 1,415	\$ 1,319	\$ 96	7.3%
Marketing	1,213	1,236	(23)	(1.8)
Administrative and other	2,297	2,351	(54)	(2.4)
Total selling, general and administrative expenses	\$ 4,925	\$ 4,906	\$ 19	0.4%

Customer service expenses increased during the three months ended September 30, 2009 compared to the same period in 2008 primarily due to activity associated with the transition of more of our programming to digital transmission. Customer service expenses increased during the nine months ended September 30, 2009 compared to the same period in 2008 primarily due to the activity associated with the transition by broadcasters from analog to digital transmission during the first half of the year and the transition of more of our programming to digital transmission. Marketing expenses increased during the three months ended September 30, 2009 compared to the same period in 2008 primarily due to the launch of new marketing campaigns. Marketing expenses decreased during the nine months ended September 30, 2009 compared to the same period in 2008 primarily due to lower costs for media advertising. Administrative and other expenses decreased during the three and nine months ended September 30, 2009 compared to the same periods in 2008 primarily due to the impact of our divisional reorganization and other cost reduction programs implemented in 2008.

Programming Segment Operating Results

(in millions)	Three Months Ended			
	September 30		Increase/(Decrease)	
	2009	2008	\$	%
Revenue	\$ 383	\$ 347	\$ 36	10.3%
Operating, selling, general and administrative expenses	265	242	23	9.4
Operating income before depreciation and amortization	\$ 118	\$ 105	\$ 13	12.5%

Edgar Filing: COMCAST CORP - Form 10-Q

(in millions)	Nine Months Ended		Increase/(Decrease)	
	2009	2008	\$	%
Revenue	\$ 1,128	\$ 1,076	\$ 52	4.8%
Operating, selling, general and administrative expenses	785	769	16	2.0
Operating income before depreciation and amortization	\$ 343	\$ 307	\$ 36	11.9%

Table of Contents**Programming Segment Revenue**

Programming segment revenue increased during the three months ended September 30, 2009 compared to the same period in 2008 primarily due to an increase in programming license fee revenue and a favorable adjustment to advertising revenue impacted by reduced reserves for ratings commitments. Programming segment revenue increased for the nine months ended September 30, 2009 compared to the same period in 2008 primarily due to an increase in programming license fee revenue, which was partially offset by a decrease in advertising revenue. For the three and nine months ended September 30, 2009, advertising accounted for approximately 42% and 41%, respectively, of total Programming segment revenue. For the three and nine months ended September 30, 2008, advertising accounted for approximately 43% and 44%, respectively, of total Programming segment revenue. For each of the three and nine months ended September 30, 2009, approximately 12% of our Programming segment revenue was generated from our Cable segment. For the three and nine months ended September 30, 2008, approximately 13% and 12%, respectively, of our Programming segment revenue was generated from our Cable segment. These amounts are eliminated in our consolidated financial statements but are included in the amounts presented in the table above.

Consolidated Other Income (Expense) Items

(in millions)	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
Interest expense	\$ (707)	\$ (601)	\$ (1,828)	\$ (1,840)
Investment income (loss), net	148	74	218	83
Equity in net income (losses) of affiliates, net	(17)	3	(44)	(36)
Other income (expense)	2	11	13	295
Total	\$ (574)	\$ (513)	\$ (1,641)	\$ (1,498)

Interest Expense

The increase in interest expense for the three months ended September 30, 2009 compared to the same period in 2008 was primarily due to the effects of early extinguishment costs associated with the repayment and redemption of our debt obligations in connection with a cash tender transaction in July 2009. We recognized approximately \$180 million of interest expense primarily associated with the premiums incurred in the cash tender transaction during the three months ended September 30, 2009. The increase was partially offset by a decrease in our average debt outstanding and a decrease in interest rates on our variable rate debt and on debt subject to variable interest rate swap agreements. The decrease in interest expense for the nine months ended September 30, 2009 compared to the same period in 2008 was primarily due to the effects of the decrease in our average debt outstanding, as well as to decreases in interest rates on our variable rate debt and on debt subject to variable interest rate swap agreements, partially offset by the effects of higher early extinguishment costs associated with the repayment and redemption of our debt obligations in the 2009 period.

Investment Income (Loss), Net

The components of investment income (loss), net for the three and nine months ended September 30, 2009 and 2008 are presented in a table in Note 4 to our condensed consolidated financial statements.

Other Income (Expense)

For the nine months ended September 30, 2008, other income included a gain of approximately \$235 million on the sale of our 50% interest in the Insight asset pool in connection with the Insight transaction.

Income Tax Expense

Income tax expense for the three and nine months ended September 30, 2009 and 2008 reflects income tax rates that differ 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

Table of Contents

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 (see Note 13), which primarily affected our deferred income tax liabilities and other noncurrent liabilities. As a result of these items, we expect our 2009 annual effective tax rate to be below our normal rate of approximately 40%. Income tax expense was reduced by approximately \$80 million during the 2008 periods due to the settlement of an uncertain tax position and the net impact of certain changes in state tax laws. Adjustments to uncertain tax positions and related interest and changes in state tax laws may continue to impact our income tax expense in the future.

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; through existing cash, cash equivalents and investments; through available borrowings under our existing credit facilities; and through 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

Details of net cash provided by operating activities are presented in the table below.

(in millions)	Nine Months Ended September 30	
	2009	2008
Operating income	\$ 5,397	\$ 4,975
Depreciation and amortization	4,908	4,787
Operating income before depreciation and amortization	10,305	9,762
Noncash share-based compensation expense	192	195
Changes in operating assets and liabilities	(239)	(276)
Cash basis operating income	10,258	9,681
Payments of interest	(1,678)	(1,795)
Payments of income taxes	(940)	(589)
Proceeds from interest and dividends received	85	91
Excess tax benefit under share-based compensation presented in financing activities		(15)
Net cash provided by operating activities	\$ 7,725	\$ 7,373

The decrease in interest payments for the nine months ended September 30, 2009 compared to the same period in 2008 was primarily due to the effects of decreases in interest rates on debt subject to variable interest rate swap agreements and to the maturity in 2008 of certain of our higher rate debt. The increase in income tax payments for the nine months ended September 30, 2009 compared to the same period in 2008 was primarily due to higher 2009 taxable income and a tax payment made in 2009 that related to 2008, partially offset by the net benefits from the 2008 and 2009 economic stimulus legislation.

Financing Activities

Net cash used in financing activities for the nine months ended September 30, 2009 consisted primarily of debt repurchases and repayments, share repurchases, and dividend payments totaling \$5.7 billion, which were offset by cash proceeds from borrowings of \$1.8 billion.

In July 2009, we completed a cash tender to purchase \$1.3 billion aggregate principal amount of certain of our outstanding notes. During the three months ended September 30, 2009, we recognized additional interest expense of approximately \$180 million primarily associated with the premiums incurred in the tender offer. The premiums related to the tender offer are included in other financing activities. See Note 5 to our condensed consolidated financial statements for further details on our borrowings and repayments of debt.

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

Table of Contents***Available Borrowings Under Credit Facilities***

We traditionally maintain significant availability under our lines of credit and commercial paper program to meet our short-term liquidity requirements. As of September 30, 2009, amounts available under our facilities totaled approximately \$6.2 billion.

Share Repurchases

During the nine months ended September 30, 2009, we repurchased approximately 31.6 million shares of our Class A and Class A Special common stock under our share repurchase authorization for approximately \$465 million. Approximately \$27 million, or 1.7 million shares, of our share repurchases did not settle until October 2009.

As of September 30, 2009, we had approximately \$3.6 billion of availability remaining under our share repurchase authorization. We may repurchase stock from time to time subject to market conditions.

Dividends

In February, May, July and October 2009, our Board of Directors approved a quarterly dividend of \$0.0675 per share as part of our planned annual dividend of \$0.27 per share.

Quarterly Dividends Declared

(in millions)	Amount	Month of Payment
Three months ended March 31, 2009	\$ 195	April
Three months ended June 30, 2009	\$ 194	July
Three months ended September 30, 2009	\$ 193	October

Dividends declared in October 2009 are expected to be paid in January 2010.

Investing Activities

Net cash used in investing activities for the nine months ended September 30, 2009 consisted primarily of cash paid for capital expenditures of \$3.5 billion and cash paid for intangible assets of \$383 million. Capital expenditures have been our most significant recurring investing activity and we expect that this will continue in the future.

Critical Accounting Judgments and Estimates

The preparation of our 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 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 consolidated financial statements. We performed our annual impairment testing as of July 1, 2009 and no impairment charge was recorded.

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 2008 Annual Report on Form 10-K.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have evaluated the information required under this item that was disclosed in our 2008 Annual Report on Form 10-K and believe there have been no significant changes to this information.

Table of Contents**ITEM 4: CONTROLS AND PROCEDURES****Conclusions Regarding Disclosure Controls and Procedures**

Our principal executive officer and our principal financial officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)) 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 11 to our 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 2008 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 Board-authorized share repurchase program during the three months ended September 30, 2009.

Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Total Dollar Amount Purchased Under the Program	Maximum Dollar Value of Shares That May Yet Be Purchased Under the Program (a)
July 1-31, 2009		\$		\$	\$ 3,891,036,092
August 1-31, 2009		\$		\$	\$ 3,891,036,092
September 1-30, 2009	16,097,056	\$ 15.53	16,097,056	\$ 250,001,477	\$ 3,641,034,615
Total	16,097,056	\$ 15.53	16,097,056	\$ 250,001,477	\$ 3,641,034,615

(a) In 2007, the Board of Directors authorized a \$7 billion addition to the existing share repurchase program. Under the authorization, we may repurchase shares in the open market or in private transactions subject to market conditions. The share repurchase program does not have an expiration date. As of September 30, 2009, we had approximately \$3.6 billion of availability remaining under our share repurchase authorization. We may repurchase stock from time to time subject to market conditions.

The total number of shares purchased during the three months ended September 30, 2009 does not include any shares received in the administration of employee share-based compensation plans.

Table of Contents

ITEM 6: EXHIBITS

Exhibit No.	Description
4.1	Second Supplemental Indenture, dated August 31, 2009, to the Indenture between Comcast Corporation, Comcast Cable Communications, LLC, Comcast Cable Holdings, LLC, Comcast MO Group, Inc. and Comcast MO of Delaware, LLC and The Bank of New York Mellon, as Trustee, dated January 7, 2003, as supplemented by a First Supplemental Indenture dated March 25, 2003 (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed on September 2, 2009).
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.
101	The following financial statements from Comcast Corporation's Quarterly Report on Form 10-Q for the three and nine months ended September 30, 2009, filed with the Securities and Exchange Commission on November 4, 2009, 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, tagged as blocks of text.

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: November 4, 2009