

## Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations

### Introduction and Overview

We are a leading provider of video, high-speed Internet and phone services ("cable services"), offering a variety of entertainment, information and communications services to residential and commercial customers. As of December 31, 2009, our cable systems served approximately 23.6 million video customers, 15.9 million high-speed Internet customers and 7.6 million phone customers and passed over 51.2 million homes and businesses in 39 states and the District of Columbia. We report the results of these operations as our Cable segment, which generates approximately 95% of our consolidated revenue. Our Cable segment also includes the operations of our regional sports networks. Our Programming segment consists primarily of our consolidated national programming networks. During 2009, our operations generated consolidated revenue of approximately \$ 35.8 billion.

Our Cable segment generates revenue primarily from subscriptions to our cable services. In addition to cable services, other Cable segment revenue sources include the sale of advertising and the operation of our regional sports networks. We market our cable services individually and in packages. Our video services range from a limited analog service to a full digital service with access to hundreds of channels, including premium and pay-per-view channels On Demand, music channels, and an interactive, on-screen program guide. Digital video customers may also subscribe to our advanced services, which consist of high-definition television ("HDTV") and/or digital video recorders ("DVR"). Our high-speed Internet services provide Internet access at downstream speeds of up to 50 Mbps, depending on the service selected and subject to geographic market availability. Our phone services provide local and long-distance calling and other features. We also offer our cable services to small and medium-sized businesses ("commercial services").

Our Programming segment consists primarily of our consolidated national programming networks, E!, Golf Channel, VERSUS, G4 and Style. Revenue from our Programming segment is generated primarily from monthly per subscriber license fees paid by multi-channel video providers, the sale of advertising and the licensing of our programming internationally.

Our other business interests include Comcast Interactive Media and Comcast Spectacor. Comcast Interactive Media develops and operates our Internet businesses, including Comcast.net, Fancast, thePlatform, Fandango, Plaxo and DailyCandy. Revenue from Comcast Interactive Media is generated primarily from the sale of advertising. Comcast Spectacor owns two professional sports teams, the Philadelphia 76ers and the Philadelphia Flyers, and a

large, multipurpose arena in Philadelphia, the Wachovia Center, and provides facilities management services, including food services, for sporting events, concerts and other events. Comcast Interactive Media, Comcast Spectacor and all other consolidated businesses not included in our Cable or Programming segments are included in "Corporate and Other" activities.

We operate our businesses in an intensely competitive environment. Competition for the cable services we offer consists primarily of direct broadcast satellite ("DBS") operators and phone companies. In 2009, our competitors continued to add features and adopt aggressive pricing and packaging for services that are comparable to the services we offer. In addition, a substantial portion of our revenue comes from residential customers whose spending patterns may be affected by prevailing economic conditions. Intensifying competition and the weak economy negatively affected our results of operations in 2009 and may continue to impact our results of operations in the future.

### 2009 Developments

The following are the more significant developments in our businesses during 2009:

- an increase in consolidated revenue of 3.9% to approximately \$35.8 billion and an increase in consolidated operating income of 7.2% to approximately \$7.2 billion
- an increase in Cable segment revenue of 3.8% to approximately \$33.9 billion and an increase in operating income before depreciation and amortization of 4.0% to approximately \$13.7 billion
- an increase in Programming segment revenue of 4.9% to approximately \$1.5 billion and an increase in operating income before depreciation and amortization of 7.5% to approximately \$389 million
- the addition of approximately 1.0 million high-speed Internet customers and approximately 1.1 million phone customers; a decrease of approximately 623,000 video customers
- a reduction in Cable segment capital expenditures of 9.2% to approximately \$5.0 billion
- the continued investment in service enhancements, including the transition from analog to digital transmission of approximately 40 to 50 of the channels we distribute ("our all digital conversion"), which allows us to recapture bandwidth and expand our video service offerings; the continued deployment of DOCSIS 3.0 wideband technology, which allows us to offer faster high-speed Internet service; the offering of certain cable network programming to our customers online through Fancast XFINITY TV; and the initial deployment of 4G wireless high-speed Internet service in certain markets

- a decrease in our total debt outstanding of \$3.4 billion or 10.4% to approximately \$29.1 billion, which is primarily due to repayment of scheduled debt and the repurchase of debt securities prior to their scheduled maturities
- the repurchase of approximately 49.8 million shares of our Class A and Class A Special common stock under our share repurchase authorization for approximately \$765 million
- we declared dividends of approximately \$850 million in 2009 and paid approximately \$761 million in 2009; in February 2009, our Board of Directors increased the planned annual dividend by 8% to \$0.27 per share; and in December 2009, it increased the planned annual dividend by 40% to \$0.378 per share, with the first quarterly payment of \$0.0945 per share occurring in January 2010

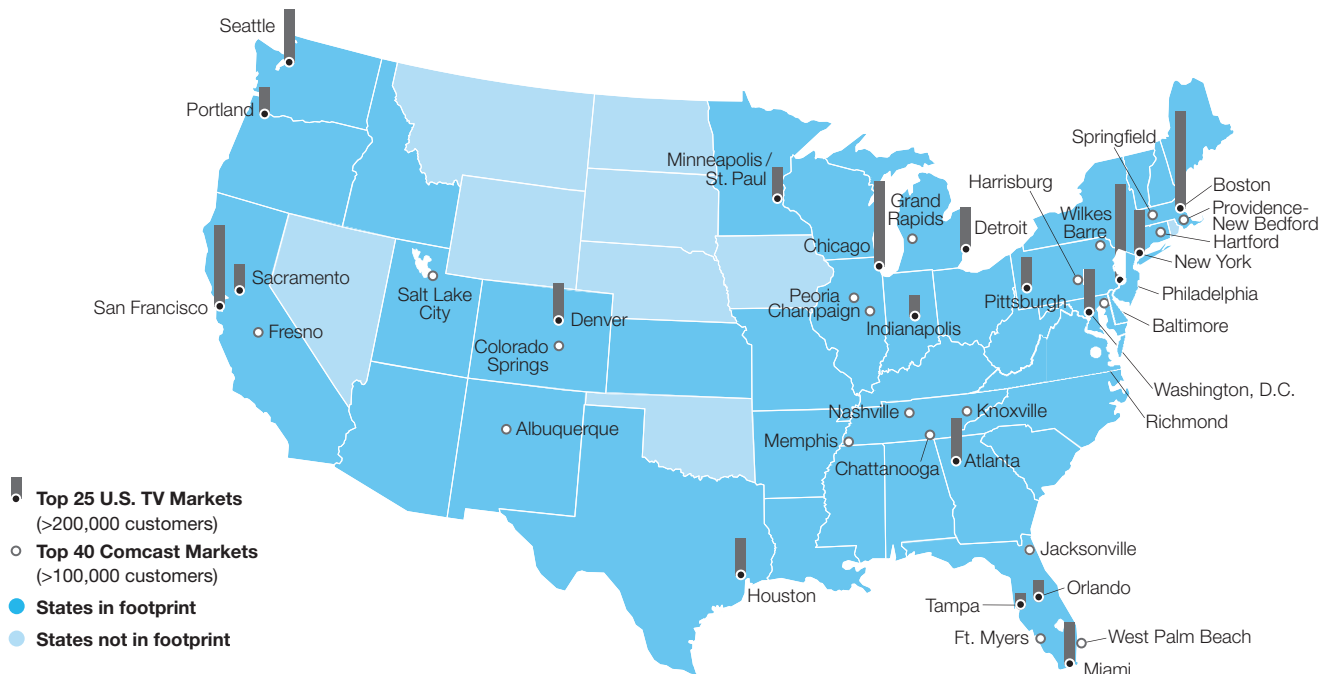
### NBC Universal Transaction

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

\$9.1 billion from third party lenders and distribute the proceeds to GE. We will contribute our national programming networks, our regional sports networks and certain of our Internet businesses, as well as other assets used primarily in those businesses, collectively valued at approximately \$7.25 billion, and make a cash payment to GE of \$7.1 billion, less certain adjustments primarily based on the free cash flow generated by NBC Universal between December 4, 2009 and the closing. GE will be entitled to cause the new company to redeem half of GE’s interest three and a half years after the closing and its remaining interest seven years after the closing. If GE exercises its first redemption right, we have the right to purchase the remainder of GE’s interest. If GE does not exercise its first redemption right, we have the right to purchase half of GE’s interest five years after the closing. We also will have the right to purchase GE’s remaining interest, if any, eight years after the closing. The redemption and purchase price will equal the ownership percentage being acquired multiplied by 120% of the fully distributed public market trading value of the new company, less half of the excess of 120% of that value over \$28.15 billion. Subject to various limitations, we are committed to fund up to \$2.875 billion in cash or common stock for each of the two redemptions (for an aggregate of up to \$5.75 billion), with amounts not used in the first redemption to be available for the second redemption. The transaction is subject to various regulatory approvals and is expected to close by the end of 2010.

### The Areas We Serve

The map below highlights our 40 major markets with emphasis on our operations in the top 25 U.S. TV markets.



## Consolidated Operating Results

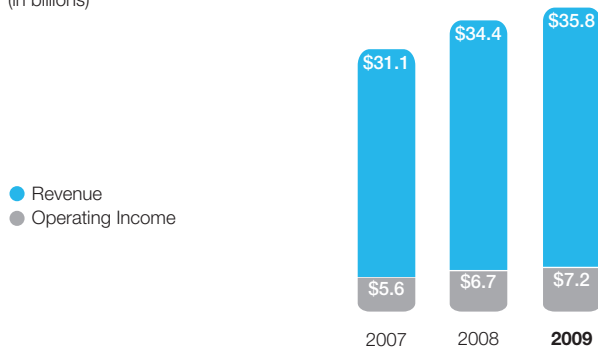
Year ended December 31 (in millions)	2009	2008	2007	% Change 2008 to 2009	% Change 2007 to 2008
<b>Revenue<sup>(a)</sup></b>	<b>\$ 35,756</b>	\$ 34,423	\$ 31,060	<b>3.9%</b>	10.8%
Costs and expenses:					
Operating, selling, general and administrative (excluding depreciation and amortization) <sup>(a)</sup>	<b>22,042</b>	21,291	19,274	<b>3.5%</b>	10.5%
Depreciation	<b>5,483</b>	5,457	5,107	<b>0.5%</b>	6.9%
Amortization	<b>1,017</b>	943	1,101	<b>7.8%</b>	(14.3)%
<b>Operating income</b>	<b>7,214</b>	6,732	5,578	<b>7.2%</b>	20.7%
Other income (expense) items, net	<b>(2,108)</b>	(2,674)	(1,229)	<b>(21.2)%</b>	117.4%
Income before income taxes	<b>5,106</b>	4,058	4,349	<b>25.8%</b>	(6.7)%
Income tax expense	<b>(1,478)</b>	(1,533)	(1,800)	<b>(3.6)%</b>	(14.8)%
Net income from consolidated operations	<b>3,628</b>	2,525	2,549	<b>43.7%</b>	(0.9)%
Net (income) loss attributable to noncontrolling interests	<b>10</b>	22	38	<b>(54.5)%</b>	(43.9)%
<b>Net income attributable to Comcast Corporation</b>	<b>\$ 3,638</b>	\$ 2,547	\$ 2,587	<b>42.8%</b>	(1.6)%

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

(a) Reclassifications have been made to prior years to conform to classifications used in 2009. See discussion described under advertising revenue below. Adjustments were also made to average monthly total revenue per video customer and operating margins due to these reclassifications.

### Revenue and Operating Income

(in billions)



### Consolidated Revenue

Our Cable and Programming segments accounted for substantially all of the increases in consolidated revenue for 2009 and 2008. Our other business activities primarily consist 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 and Programming segments accounted for substantially all of the increases in consolidated operating, selling, general and administrative expenses for 2009 and 2008. The remaining changes related to our other business activities, primarily Comcast Interactive Media and Comcast Spectacor, and approximately \$20 million of transaction fees associated with the NBC Universal

transaction. Cable segment and Programming segment operating, selling, general and administrative expenses are discussed separately in "Segment Operating Results."

### Consolidated Depreciation and Amortization

The increases in depreciation expense for 2009 and 2008 were primarily a result of increases in property and equipment associated with capital spending in recent years, as well as the effects of cable system acquisitions in 2008, which resulted in increased depreciation of approximately \$138 million.

The increase in amortization expense for 2009 was primarily due to an increase in software intangibles. The decrease in amortization expense for 2008 was primarily due to intangible assets associated with the AT&T Broadband acquisition in 2002 being fully amortized, partially offset by the amortization of similar intangible assets recorded in connection with other cable system acquisitions.

### Segment Operating Results

Our segment operating results are presented based on how we assess operating performance and internally report financial information. To measure the performance of our operating segments, we use operating income (loss) before depreciation and amortization, excluding impairments related to fixed and intangible assets, and gains or losses from the sale of assets, if any. This measure eliminates the significant level of noncash depreciation and amortization expense that results from the capital-intensive nature of our businesses and from intangible assets recognized in

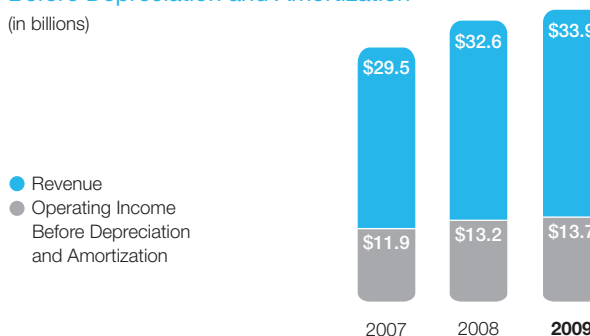
business combinations. Additionally, it is unaffected by our capital structure or investment activities. We use this measure to evaluate our consolidated operating performance and the operating performance of our operating segments and to allocate resources and capital to our operating segments. It is also a significant performance measure in our annual incentive compensation programs. We believe that this measure is useful to investors because it is one of the bases for comparing our operating performance with that of other companies in our industries, although our measure may not be directly comparable to similar measures used by other companies. Because we use this metric to measure our segment profit or loss, we reconcile it to operating income, 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 18 to our 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 Overview

Our cable systems allow us to deliver video, high-speed Internet and phone services to our residential and commercial customers. The majority of our Cable segment revenue is generated from subscriptions to these cable services. Customers are billed monthly based on the services and features they receive and the type of equipment they use. Residential customers may generally discontinue service at any time, while commercial customers may only discontinue service in accordance with the terms of their respective contracts, which typically have one to three year terms. Our revenue and operating income before depreciation and amortization have increased as a result of continued demand for our services (including our bundled and advanced service offerings) and the effects of recent acquisitions, as well as other factors discussed below. Intensifying competition and the weak economy negatively affected our results of operations in 2009 and may continue to impact our results of operations in the future.

### Revenue and Operating Income Before Depreciation and Amortization

(in billions)



## Cable Segment Results of Operations

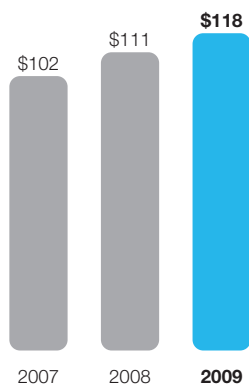
Year ended December 31 (in millions)	2009	2008	2007	% Change 2008 to 2009	% Change 2007 to 2008
Video <sup>(a)</sup>	\$ 19,377	\$ 19,162	\$ 17,939	1.1%	6.8%
High-speed Internet	7,757	7,225	6,402	7.4%	12.9%
Phone	3,262	2,649	1,766	23.1%	50.0%
Advertising <sup>(a)</sup>	1,444	1,709	1,728	(15.5)%	(1.1)%
Other <sup>(a)</sup>	1,069	954	808	12.1%	18.1%
Franchise fees	948	911	827	4.1%	10.1%
<b>Revenue</b>	<b>33,857</b>	32,610	29,470	<b>3.8%</b>	10.7%
Operating expenses <sup>(a)</sup>	13,535	12,831	11,574	5.5%	10.9%
Selling, general and administrative expenses	6,628	6,609	5,974	0.3%	10.6%
<b>Operating income before depreciation and amortization</b>	<b>\$ 13,694</b>	\$ 13,170	\$ 11,922	<b>4.0%</b>	10.5%

(a) Reclassifications have been made to prior years to conform to classifications used in 2009.

### Cable Segment Revenue

Our average monthly total revenue per video customer increased to approximately \$118 in 2009 from approximately \$111 in 2008 and approximately \$102 in 2007. The increases in average monthly total revenue per video customer are primarily due to an increased number of customers receiving multiple services and a higher contribution from our commercial services business.

Average Monthly Total Revenue per Video Customer



### Video

We offer video services ranging from a limited analog service to a full digital service with access to hundreds of channels, including premium and pay-per-view channels. As of December 31, 2009, approximately 46% of the homes in the areas we serve subscribed to our video services. As of December 31, 2009, approximately 78% of those video customers subscribed to at least one of our digital video services, compared to 70% and 63% as of December 31, 2008 and 2007, respectively. Digital video customers may also subscribe to our advanced services, HDTV and/or DVR. As of December 31, 2009, approximately 50% of our digital video customers subscribed to at least one of our advanced services.

Our video revenue continued to grow in 2009 and 2008 due to rate adjustments, customer upgrades to our digital and advanced services and, in 2008, the effects of cable system acquisitions, partially offset by declines in video customers in each of 2009 and 2008. During 2009 and 2008, the number of video customers decreased by approximately 623,000 and 575,000, respectively, excluding the effects of cable system acquisitions in 2008. These decreases were primarily due to increased competition in our service areas, as well as weakness in the economy. During 2009 and 2008, we added or upgraded approximately 1.4 million and 1.5 million customers to our digital video service, respectively, including those customers added or upgraded in connection with our all digital conversion. We expect continued competition and weak economic conditions to result in further declines in the number of video customers during 2010. In 2008, approximately \$455 million of the increase in our video revenue was attributable to the effects of cable system acquisitions. Our average monthly

video revenue per video customer increased to approximately \$68 in 2009 from approximately \$65 in 2008 and approximately \$61 in 2007.

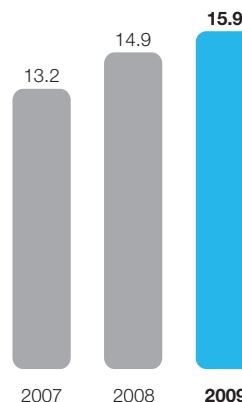
### High-Speed Internet

We offer high-speed Internet services with Internet access at downstream speeds of up to 50 Mbps, depending on the service selected and subject to geographic market availability. These services also include our Internet portal, Comcast.net, which provides multiple e-mail addresses and online storage, as well as a variety of content and value-added features and enhancements that are designed to take advantage of the speed of the Internet services we provide. Our commercial high-speed Internet service also includes a website hosting service and an online tool that allows customers to share, coordinate and store documents. As of December 31, 2009, 31% of the homes in the areas we serve subscribed to our high-speed Internet services, compared to 30% and 28% as of December 31, 2008 and 2007, respectively.

Our high-speed Internet revenue increased in 2009 and 2008 primarily due to an increase in the number of residential and commercial customers and, in 2008, due to the effects of cable system acquisitions. In 2008, approximately \$157 million of the increase in revenue was attributable to the effects of cable system acquisitions. Average monthly revenue per high-speed Internet customer has been relatively stable at approximately \$42 from 2007 to 2009.

### High-Speed Internet Customers

(in millions)



### Phone

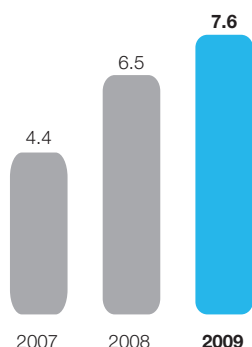
We offer phone services that provide local and long-distance calling and include features such as voice mail, caller ID and call waiting. Our commercial phone service also includes a business directory listing and the option to add multiple phone lines. As of December 31, 2009, our phone services were available to approximately 48 million or 95% of the homes in the areas we serve, compared to 92% and 87% as of December 31, 2008 and 2007, respectively. As of December 31, 2009, approximately 16% of the homes in the areas we serve subscribed to our phone services,

compared to 14% and 11% as of December 31, 2008 and 2007, respectively.

Our phone revenue increased in 2009 and 2008 as a result of increases in the number of residential and commercial phone customers. In 2008, these increases were partially offset by the loss of approximately 170,000 circuit-switched phone customers. We phased out substantially all of our circuit-switched phone service in 2008. In 2008, approximately \$43 million of the increase in our phone revenue was attributable to the effects of cable system acquisitions. Average monthly revenue per phone customer declined to approximately \$39 in 2009 from approximately \$40 in 2008 and approximately \$42 in 2007, due to customers receiving service as part of a promotional offer or in a bundled service offering. We expect the rates of customer and revenue growth to decline in 2010.

### Comcast Digital Voice Customers

(in millions)



### Advertising

As part of our programming license agreements with programming networks, we receive an allocation of scheduled advertising time that we may sell to local, regional and national advertisers. In most cases, the available advertising time is sold by our sales force. In some cases, we work with representation firms as an extension of our sales force to sell a portion of the advertising time allocated to us. We also coordinate the advertising sales efforts of other cable operators in some markets, and in some markets we operate advertising interconnects. These interconnects establish a physical, direct link between multiple providers for the sale of regional and national advertising across larger geographic areas than could be provided by a single cable operator. Our prior practice had been to record the fees we pay to representation firms and other multichannel video providers as a revenue offset. However, since we are acting as the principal in these arrangements and as these coordination and interconnect activities are expected to grow in significance, we have concluded that we should report the fees paid to representation firms and multichannel video providers as an operating expense rather than as a revenue offset. Accordingly, we changed the presentation for these items for 2008 and 2007,

and classified approximately \$167 million and \$165 million, respectively, of the fees paid as operating expenses.

Advertising revenue decreased in 2009 and 2008 primarily due to a decline in the overall television advertising market as a result of weak economic conditions. In 2009, the decrease also resulted from a decline in political advertising, while the decrease in 2008 was partially offset by an increase in political advertising and the impact of cable system acquisitions.

### Other

We also generate revenue from our regional sports networks, our digital media center, commissions from electronic retailing networks and fees for other services. Our regional sports networks include Comcast SportsNet (Philadelphia), Comcast SportsNet Mid-Atlantic (Baltimore/Washington), Cable Sports Southeast, Comcast SportsNet Chicago, MountainWest Sports Network, Comcast SportsNet California (Sacramento), Comcast SportsNet New England (Boston), Comcast SportsNet Northwest (Portland), Comcast Sports Southwest (Houston), and Comcast SportsNet Bay Area (San Francisco). These networks generate revenue from programming license agreements with multichannel video providers and through the sale of advertising.

### Franchise Fees

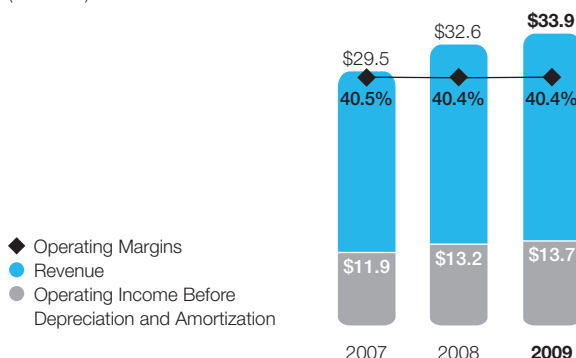
Our franchise fee revenue represents the pass-through to our customers of the fees required to be paid to state and local franchising authorities. Under the terms of our franchise agreements, we are generally required to pay to the franchising authority an amount based on our gross video revenue. The increases in franchise fees collected from our cable customers in 2009 and 2008 were primarily due to increases in the revenue on which the fees apply.

### Cable Segment Expenses

We continue to focus on controlling the growth of expenses. Our operating margins (operating income before depreciation and amortization as a percentage of revenue) for 2009, 2008 and 2007 were 40.4%, 40.4% and 40.5%, respectively.

### Operating Margins

(in billions)



## Cable Segment Operating Expenses

Year ended December 31 (in millions)	2009	2008	2007	% Change 2008 to 2009	% Change 2007 to 2008
Video programming	\$ 7,046	\$ 6,479	\$ 5,813	8.8%	11.5%
Technical labor	2,245	2,138	1,899	5.0%	12.6%
High-speed Internet	519	523	575	(0.7)%	(9.0)%
Phone	602	730	685	(17.5)%	6.6%
Other <sup>(a)</sup>	3,123	2,961	2,602	5.4%	13.8%
<b>Total operating expenses</b>	<b>\$ 13,535</b>	<b>\$ 12,831</b>	<b>\$ 11,574</b>	<b>5.5%</b>	<b>10.9%</b>

(a) Reclassifications have been made to prior years to conform to classifications used in 2009.

Video programming expenses, our largest operating expense, are the fees we pay to programming networks to license the programming we distribute to our video customers. These expenses are affected by changes in the fees charged by programming networks, the number of video customers we serve and the number of channels and programs we provide. Video programming expenses increased in 2009 and 2008, primarily due to rate increases, additional digital customers and additional programming options offered. The increase in 2009 was also due to fees for retransmission of broadcast networks. The increase in 2008 was also due to additional customers as a result of our cable system acquisitions. We anticipate that our video programming expenses will continue to increase in 2010 as the fees charged by programming networks increase, as new fees for retransmission of broadcast networks are incurred and as we provide additional channels and video on demand programming options to our customers.

Technical labor expenses include the internal and external labor to complete service call and installation activities in the home, network operations, fulfillment and provisioning costs. These expenses increased in 2009 and 2008 primarily due to growth in the number of customers, which required additional personnel to handle service calls and provide in-home customer support, as well as activity associated with the transition by broadcasters from

analog to digital transmission and our all digital conversion, and, in 2008, due to the effects of cable system acquisitions.

High-speed Internet expenses and phone expenses include certain direct costs for providing these services but do not fully reflect the amount of operating expenses that would be necessary to provide these services on a stand-alone basis. Other related costs associated with providing these services are generally shared among all our cable services and are not allocated to these items. The decreases in high-speed Internet expenses in 2009 and 2008 and phone expenses in 2009 were primarily due to lower support service costs that were the result of operating efficiencies. Phone expenses increased in 2008 primarily due to an increase in the number of customers, partially offset by operational efficiencies.

Other operating expenses include franchise fees, pole rentals, plant maintenance, vehicle-related costs, expenses related to our regional sports networks, advertising representation and commission fees, and expenses associated with our commercial services. These expenses increased in 2009 and 2008 primarily due to the continued expansion of commercial services, an increase in franchise fees and, in 2008, the effects of cable system acquisitions and the acquisitions in June 2007 of Comcast SportsNet Bay Area and Comcast SportsNet New England.

## Cable Segment Selling, General and Administrative Expenses

Year ended December 31 (in millions)	2009	2008	2007	% Change 2008 to 2009	% Change 2007 to 2008
Customer service	\$ 1,879	\$ 1,773	\$ 1,674	6.0%	5.9%
Marketing	1,600	1,625	1,404	(1.5)%	15.7%
Administrative and other	3,149	3,211	2,896	(1.9)%	10.9%
<b>Total selling, general and administrative expenses</b>	<b>\$ 6,628</b>	<b>\$ 6,609</b>	<b>\$ 5,974</b>	<b>0.3%</b>	<b>10.6%</b>

Customer service expenses increased in 2009 primarily due to activity associated with the transition by broadcasters from analog to digital transmission during the first half of the year and our all digital conversion. Customer service expenses increased in 2008 primarily due to growth in the number of customers.

Marketing expenses decreased in 2009 primarily due to lower costs and volume for media advertising, partially offset by an increase in direct sales efforts. Marketing expenses increased in 2008 primarily due to additional marketing costs associated with attracting and retaining customers, as well as the effects of cable system acquisitions.

During 2009 and 2008, we implemented personnel and cost reduction programs that were focused on streamlining our Cable operations. In connection with these initiatives, we recorded \$81 million and \$126 million of severance costs during 2009 and 2008, respectively. Administrative and other expenses decreased in 2009 primarily due to the impact of the programs initiated in 2008. Administrative and other expenses increased in 2008 primarily due to the effects of cable system acquisitions.

## Programming Segment Overview

Our Programming segment consists primarily of our consolidated national programming networks. The table below presents a summary of our consolidated national programming networks.

Programming Network	Approximate U.S. Subscribers at December 31, 2009 (in millions)	Description of Programming
E!	86	Entertainment
Golf Channel	74	Golf and golf-related
VERSUS	54	Sports and leisure
G4	59	Gamer lifestyle
Style	57	Lifestyle

We also own noncontrolling interests in certain networks and content providers, including FEARnet (33%), iN DEMAND (54%), MGM (20%), PBS KIDS Sprout (40%) and TV One (34%). The operating results of these entities are not included in our Programming segment's operating results because they are presented in equity in net income (losses) of affiliates.

## Programming Segment Results of Operations

Year ended December 31 (in millions)	2009	2008	2007	% Change 2008 to 2009	% Change 2007 to 2008
<b>Revenue</b>	<b>\$ 1,496</b>	\$ 1,426	\$ 1,314	<b>4.9%</b>	8.5%
Operating, selling, general and administrative	<b>1,107</b>	1,064	1,028	<b>4.0%</b>	3.6%
<b>Operating income before depreciation and amortization</b>	<b>\$ 389</b>	\$ 362	\$ 286	<b>7.5%</b>	26.3%

### Programming Segment Revenue

Programming revenue increased in 2009 primarily due to growth in programming license fee revenue and a favorable adjustment to advertising revenue as a result of reduced reserves for ratings commitments. Programming revenue increased in 2008 primarily due to growth in advertising revenue, programming license fee revenue and international revenue. In 2009, 2008 and 2007, advertising accounted for approximately 41%, 43% and 44%, respectively, of total Programming revenue. In 2009, 2008 and 2007, approximately 12% to 13% of our Programming revenue was generated from our Cable segment. These amounts are eliminated in our consolidated financial statements but are included in the amounts presented above.

### Programming Segment Operating, Selling, General and Administrative Expenses

Programming operating, selling, general and administrative expenses consist mainly of the cost of producing television programs and live events, the purchase of programming rights, the marketing and promotion of our programming networks and administrative costs. We have invested and expect to continue to invest in new and live-event programming that will cause our programming expenses to increase in the future.

## Consolidated Other Income (Expense) Items

Year ended December 31 (in millions)	2009	2008	2007
Interest expense	<b>\$ (2,348)</b>	\$ (2,439)	\$ (2,289)
Investment income (loss), net	<b>282</b>	89	601
Equity in net (losses) income of affiliates, net	<b>(64)</b>	(39)	(63)
Other income (expense)	<b>22</b>	(285)	522
Total	<b>\$ (2,108)</b>	\$ (2,674)	\$ (1,229)

### Interest Expense

During 2009, 2008 and 2007, interest expense included \$175 million, \$64 million and \$2 million, respectively, of early extinguishment losses, net of early extinguishment gains, associated with the repayment of debt obligations prior to their scheduled maturity. The decrease in interest expense for 2009 was primarily due to the decrease in our average debt outstanding and decreases in interest rates on our variable rate debt and on debt subject to variable interest rate swap agreements, partially offset by an increase in early extinguishment costs in 2009. The increase in interest expense for 2008 was primarily due to an increase in our average debt outstanding and an increase in early extinguishment costs in 2008, partially offset by the effects of lower interest rates on our fixed to variable rate interest rate exchange agreements.

### Investment Income (Loss), Net

The components of investment income (loss), net for 2009, 2008 and 2007 are presented in a table in Note 6 to our consolidated financial statements. We have entered into derivative financial instruments that we account for at fair value and that economically hedge the market price fluctuations in the common stock of all of our investments accounted for as trading securities and substantially all of our investments accounted for as available for sale securities. The differences between the unrealized gains or losses on securities underlying prepaid forward sale agreements and the mark to market adjustments on the derivative component of prepaid forward sale agreements, as presented in the table in Note 6 to our consolidated financial statements, result from one or more of the following:

- there were unusual changes in the derivative valuation assumptions such as interest rates, volatility and dividend policy
- the magnitude of the difference between the market price of the underlying security to which the derivative relates and the strike price of the derivative
- the change in the time value component of the derivative value during the period
- the security to which the derivative relates changed due to a corporate reorganization of the issuing company to a security with a different volatility rate

### Other Income (Expense)

Other expense for 2008 includes an impairment of approximately \$600 million related to our investment in Clearwire LLC (see Note 6 to our consolidated financial statements), partially offset by a gain of approximately \$235 million on the sale of our 50% interest in the Insight asset pool in connection with the Insight transaction. Other income for 2007 consists primarily of a gain of approximately \$500 million on the sale of our 50% interest in the Kansas City asset pool in connection with the Houston transaction.

### Income Tax Expense

Our effective income tax rate for 2009, 2008 and 2007 was 28.9%, 37.8% and 41.4%, respectively. Income tax expense reflects an effective income tax rate that differs from the federal statutory rate primarily due to state income taxes and interest on uncertain tax positions. Our 2009 income tax expense was reduced by approximately \$566 million primarily due to the recognition of tax benefits associated with settlements and adjustments of uncertain tax positions and related interest and certain subsidiary reorganizations impacting deferred state income taxes (see Note 15 to our consolidated financial statements). Our 2008 income tax expense was reduced by approximately \$154 million, primarily due to the settlement of an uncertain tax position and the net impact of certain state tax law changes, which primarily affected our deferred income tax liabilities and other noncurrent liabilities, and the future deductibility of certain deferred compensation arrangements. Our income tax expense may in the future continue to be impacted by adjustments to uncertain tax positions and related interest and changes in state tax laws. We expect our 2010 annual effective tax rate to be approximately 40%.

### Liquidity and Capital Resources

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

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

We traditionally maintain significant availability under our lines of credit and our commercial paper program to meet our short-term liquidity requirements. As of December 31, 2009, amounts available under all of our credit facilities totaled approximately \$6.4 billion.

We and our Cable subsidiaries that have provided guarantees are subject to the covenants and restrictions set forth in the indentures governing our public debt securities and in the credit agreements governing our bank credit facilities (see Note 20 to our consolidated financial statements). We and the guarantors are in compliance with the covenants, and we believe that neither the covenants nor the restrictions in our indentures or loan documents will limit our ability to operate our business or raise additional capital. We test our compliance with our credit facilities' covenants on an ongoing basis. The only financial covenant in our \$6.8 billion revolving credit facility due 2013 pertains to leverage (ratio of debt to operating income before depreciation and amortization). As of December 31, 2009, we met this financial covenant by a significant margin. Our ability to comply with this financial covenant in the future does not depend on further debt reduction or on improved operating results.

In connection with our NBC Universal transaction, we are required to make a cash payment to GE of \$7.1 billion, less certain adjustments primarily based on free cash flow generated by NBC Universal between December 4, 2009 and the closing of the NBC Universal transaction. We expect to fund this payment with cash on hand and through a combination of available borrowings under our existing credit facilities and issuance of debt to the public or third party lenders. Any future redemptions of GE's stake in the new company are expected to be funded primarily through cash flows and borrowing capacity of the new company. If any borrowings by the new company to fund either of GE's two potential redemptions would result in the new company exceeding a certain leverage ratio or the new company losing investment grade status or if the new company cannot otherwise fund such redemptions, we are committed to fund up to \$2.875 billion in cash or common stock for each of the two potential redemptions (for an aggregate of up to \$5.75 billion), with amounts not used in the first redemption to be available for the second redemption.

## Operating Activities

### Components of Net Cash Provided by Operating Activities

Year ended December 31 (in millions)	2009	2008	2007
Operating income	\$ 7,214	\$ 6,732	\$ 5,578
Depreciation and amortization	6,500	6,400	6,208
Operating income before depreciation and amortization	13,714	13,132	11,786
Noncash share-based compensation and contribution expense	257	258	223
Changes in operating assets and liabilities	(450)	(251)	(200)
Cash basis operating income	13,521	13,139	11,809
Payments of interest	(2,040)	(2,256)	(2,134)
Payments of income taxes	(1,303)	(762)	(1,638)
Proceeds from interest, dividends and other nonoperating items	103	125	185
Excess tax benefit under share-based compensation presented in financing activities	—	(15)	(33)
Net cash provided by operating activities	\$ 10,281	\$ 10,231	\$ 8,189

The increase in changes in operating assets and liabilities in 2009 relates to an increase in accounts receivable and the timing of payments of operating items and payroll.

The decrease in interest payments in 2009 was primarily due to decreases in interest rates on debt subject to variable interest rate swap agreements, the effects of our debt repayments and to the maturity of certain higher rate debt in 2008. The increases in interest payments in 2008 were primarily due to an increase in our average debt outstanding.

The increase in income tax payments in 2009 was primarily due to higher 2009 taxable income, the settlements of uncertain tax positions and a tax payment made in 2009 that related to 2008, partially offset by the net benefits of approximately \$341 million from the 2008 and 2009 economic stimulus legislation. The decrease in income tax payments in 2008 was primarily due to the 2008 economic stimulus legislation, which resulted in a reduction in our tax payments of approximately \$600 million.

## Investing Activities

Net cash used in investing activities consists primarily of cash paid for capital expenditures, intangible assets, acquisitions and investments.

## Capital Expenditures

Our most significant recurring investing activity has been capital expenditures in our Cable segment, and we expect that this will continue in the future. A significant portion of our capital expenditures is based on the level of customer growth and the technology being deployed. The table below summarizes the capital expenditures we incurred in our Cable segment from 2007 through 2009.

Year ended December 31 (in millions)	2009	2008	2007
Customer premises equipment <sup>(a)</sup>	<b>\$ 2,934</b>	\$ 3,147	\$ 3,164
Scalable infrastructure <sup>(b)</sup>	<b>855</b>	1,024	1,014
Line extensions <sup>(c)</sup>	<b>120</b>	212	352
Support capital <sup>(d)</sup>	<b>421</b>	522	792
Upgrades (capacity expansion) <sup>(e)</sup>	<b>356</b>	407	520
Commercial services <sup>(f)</sup>	<b>351</b>	233	151
<b>Total</b>	<b>\$ 5,037</b>	\$ 5,545	\$ 5,993

(a) Customer premises equipment ("CPE") includes costs incurred to connect our services at the customer's home. The equipment deployed typically includes standard digital set-top boxes, HD set-top boxes, digital video recorders, digital transport adapters, remote controls and modems. CPE also includes the cost of installing this equipment for new customers as well as the material and labor cost incurred to install the cable that connects a customer's dwelling to the distribution system.

(b) Scalable infrastructure includes costs incurred to secure growth in customers or revenue units or to provide service enhancements, other than those related to CPE. Scalable infrastructure includes equipment that controls signal reception, processing and transmission throughout our distribution system, as well as equipment that controls and communicates with the CPE residing within a customer's home. Also included in scalable infrastructure is certain equipment necessary for content aggregation and distribution (video on demand equipment) and equipment necessary to provide certain video, high-speed Internet and phone service features (e.g., voice mail and e-mail).

(c) Line extensions include the costs of extending our distribution system into new service areas. These costs typically include network design, the purchase and installation of fiber-optic and coaxial cable, and certain electronic equipment.

(d) Support capital includes costs associated with the replacement or enhancement of non-distribution system assets due to technical or physical obsolescence and wear-out. These costs typically include vehicles, computer and office equipment, furniture and fixtures, tools, and test equipment.

(e) Upgrades include costs to enhance or replace existing portions of our distribution system, including recurring improvements.

(f) Commercial services include the costs incurred related to the rollout of our services to small and medium-sized businesses. The equipment typically includes modems and the cost of installing this equipment for new customers as well as materials and labor incurred to install the cable that connects a customer's business to the closest point of the main distribution network.

Cable capital expenditures decreased 9.2% and 7.5% in 2009 and 2008, respectively, primarily due to fewer residential unit additions and improved equipment pricing, partially offset by an increased investment in our commercial services and strategic initiatives like our all digital conversion and DOCSIS 3.0 wideband technology. Line extensions decreased in 2009 and 2008 primarily due to the slowdown in the housing market.

Capital expenditures in our Programming segment were not significant in 2009, 2008 or 2007. In 2008 and 2007, our other

business activities included approximately \$137 million and \$110 million, respectively, of capital expenditures related to the consolidation of offices and the relocation of our corporate headquarters.

Capital expenditures for 2010 and for subsequent years will depend on numerous factors, including acquisitions, competition, changes in technology, regulatory changes and the timing and rate of deployment of new services.

## Acquisitions

Our 2009 acquisitions were not significant. In 2008, acquisitions were primarily related to our acquisition of an additional interest in Comcast SportsNet Bay Area, our acquisition of the remaining interest in G4 that we did not already own, and our acquisitions of Plaxo and DailyCandy. In 2007, acquisitions were primarily related to our acquisitions of Patriot Media, Fandango, Comcast SportsNet New England and an interest in Comcast SportsNet Bay Area.

## Proceeds from Sales of Investments

In 2008, proceeds from the sales of investments were primarily related to the disposition of available-for-sale debt securities. In 2007, proceeds from the sales of investments were primarily related to the disposition of our ownership interests in Time Warner Inc.

## Purchases of Investments

In 2009, purchases of investments consist primarily of our additional investment in Clearwire. In 2008, purchases of investments consisted primarily of the funding of our initial investment in Clearwire. In 2007, purchases of investments consisted primarily of an additional investment in Insight Midwest, L.P. and the purchase of available-for-sale debt securities.

## Financing Activities

Net cash used in financing activities consists primarily of our debt repayments, our repurchases of our Class A and Class A Special common stock and dividend payments, partially offset by our proceeds from borrowings. Proceeds from borrowings fluctuate from year to year based on the amounts paid to fund acquisitions and debt repayments.

In July 2009, we completed a cash tender to purchase approximately \$1.3 billion aggregate principal amount of certain of our outstanding notes for approximately \$1.5 billion. 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.

We have made, and may from time to time in the future make, optional repayments on our debt obligations, which may include repurchases of our outstanding public notes and debentures, depending on various factors, such as market conditions. In 2009

and 2008, we made \$1.616 billion and \$307 million, respectively, of optional purchases of our outstanding public bonds and ZONES debt. See Note 9 to our consolidated financial statements for further discussion of our financing activities, including details of our debt repayments and borrowings.

### Share Repurchases and Dividends

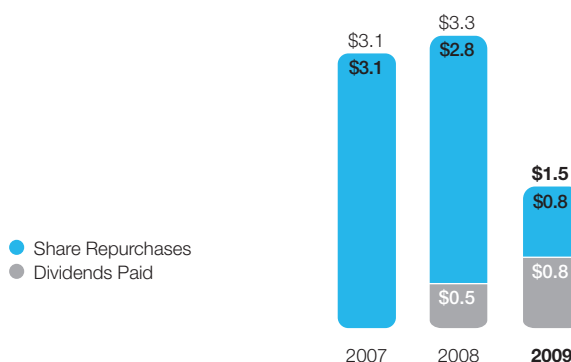
In 2009, we repurchased approximately 49.8 million shares of our Class A and Class A Special common stock under our share repurchase authorization for approximately \$765 million. As of December 31, 2009, we had approximately \$3.3 billion of availability remaining under our share repurchase authorization. We intend to complete repurchases under the current share repurchase authorization by the end of 2012, subject to market conditions.

Our Board of Directors declared quarterly dividends of \$850 million in 2009. Dividends paid in 2009 were \$761 million. In December 2009, our Board of Directors increased the planned annual dividend by 40% to \$0.378 per share, with the first quarterly payment of \$0.0945 per share occurring in January 2010. We expect to continue to pay quarterly dividends, although each dividend is subject to approval by our Board of Directors.

The table below sets for information on our share repurchases and dividends paid in 2009, 2008 and 2007.

### Share Repurchases and Dividends Paid

(in billions)



## Contractual Obligations

(in millions)	Total	Payments Due by Period			
		Year 1	Years 2-3	Years 4-5	More than 5
Debt obligations <sup>(a)</sup>	\$ 29,039	\$ 1,137	\$ 2,620	\$ 3,536	\$ 21,746
Capital lease obligations	57	19	21	5	12
Operating lease obligations	1,879	333	471	332	743
Purchase obligations <sup>(b)</sup>	16,705	3,275	4,322	2,396	6,712
Other long-term liabilities reflected on the balance sheet:					
Acquisition-related obligations <sup>(c)</sup>	83	70	10	3	—
Other long-term obligations <sup>(d)</sup>	4,964	271	664	1,844	2,185
<b>Total</b>	<b>\$ 52,727</b>	<b>\$ 5,105</b>	<b>\$ 8,108</b>	<b>\$ 8,116</b>	<b>\$ 31,398</b>

Refer to Note 9 (long-term debt) and Note 17 (commitments) to our consolidated financial statements.

(a) Excludes interest payments.

(b) Purchase obligations consist of agreements to purchase goods and services that are legally binding on us and specify all significant terms, including fixed or minimum quantities to be purchased and price provisions. Our purchase obligations are primarily related to our Cable segment, including contracts with programming networks, CPE manufacturers, communication vendors, other cable operators for which we provide advertising sales representation and other contracts entered into in the normal course of business. We also have purchase obligations through Comcast Spectacor for the players and coaches of our professional sports teams. Purchase obligations do not include contracts with immaterial future commitments.

(c) Acquisition-related obligations consist primarily of costs related to exiting contractual obligations and other assumed contractual obligations of the acquired entity.

(d) Other long-term obligations consist primarily of prepaid forward sale agreements of equity securities we hold; subsidiary preferred shares; deferred compensation obligations; pension, post-retirement and post-employment benefit obligations; and programming rights payable under license agreements. Reserves for uncertain tax positions of approximately \$1.2 billion are not included in the table above. The liability for unrecognized tax benefits has been excluded because we cannot make a reliable estimate of the period in which the unrecognized tax benefits will be realized.

In connection with the closing of our NBC Universal transaction, we are required to make a cash payment to GE of \$7.1 billion, less certain adjustments primarily based on the free cash flow generated by NBC Universal between December 4, 2009 and the closing. We also expect to incur other expenses associated with the closing of the transaction. Following the closing of the NBC Universal transaction, GE will be entitled to cause the new company to redeem half of GE's interest three and a half years after closing and its remaining interest seven years after the closing. Subject to various limitations, we are committed to fund up to \$2.875 billion in cash or common stock for each of the two redemptions (for an aggregate of up to \$5.75 billion) with amounts not used in the first redemption to be available for the second redemption. None of the amounts are included in the table above. See "NBC Universal Transaction" under "Introduction and Overview" for additional details.

### Off-Balance Sheet Arrangements

We do not have any significant off-balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources.

### Critical Accounting Judgments and Estimates

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

We believe our judgments and related estimates associated with the valuation and impairment testing of our cable franchise rights and the accounting for income taxes are critical in the preparation of our financial statements. Management has discussed the development and selection of these critical accounting judgments and estimates with the Audit Committee of our Board of Directors, and the Audit Committee has reviewed our disclosures relating to them, which are presented below.

Refer to Note 2 to our consolidated financial statements for a discussion of our accounting policies with respect to these and other items.

### Valuation and Impairment Testing of Cable Franchise Rights

Our largest asset, our cable franchise rights, results from agreements we have with state and local governments that allow us to construct and operate a cable business within a specified geographic area. The value of a franchise is derived from the economic benefits we receive from the right to solicit new customers and to market new services, such as advanced services and high-speed Internet and phone services, in a particular service area. The amounts we record for cable franchise rights are primarily a result of cable system acquisitions. Typically when we acquire a cable system, the most significant asset we record is the value of the cable franchise rights. Often these cable system acquisitions include multiple franchise areas. We currently serve approximately 6,400 franchise areas in the United States.

We have concluded that our cable franchise rights have an indefinite useful life since there are no legal, regulatory, contractual, competitive, economic or other factors which limit the period over which these rights will contribute to our cash flows. Accordingly, we do not amortize our cable franchise rights but assess the carrying value of our cable franchise rights annually, or more frequently whenever events or changes in circumstances indicate that the carrying amount may exceed its fair value ("impairment testing"). We estimate the fair value of our cable franchise rights primarily based on a discounted cash flow analysis that involves significant judgment. When analyzing the fair values indicated under the discounted cash flow models we also consider multiples of operating income before depreciation and amortization generated by underlying assets, current market transactions and profitability information.

If we were to determine that the value of our cable franchise rights is less than the carrying amount, we would recognize an impairment for the difference between the estimated fair value and the carrying value of the assets. For purposes of our impairment testing, we have grouped the recorded values of our various cable franchise rights into our Cable divisions or units of account. We evaluate the unit of account periodically to ensure our impairment testing is performed at an appropriate level.

Since the adoption of the accounting guidance related to goodwill and intangible assets in 2002, we have not recorded any significant impairments as a result of our impairment testing. A future change in the unit of account could result in the recognition of an impairment.

We could also record impairments in the future if there are changes in long-term market conditions, in expected future operating results, or in federal or state regulations that prevent us from recovering the carrying value of these cable franchise rights. Assumptions made about increased competition and economic conditions could also impact the valuations used in future annual impairment testing and result in a reduction of fair values from

those determined in the July 1, 2009 annual impairment testing. The table below illustrates the impairment related to our Cable divisions that would have occurred had the hypothetical reductions in fair value existed at the time of our last annual impairment testing.

(in millions)	Percent Hypothetical Reduction in Fair Value and Related Impairment			
	10%	15%	20%	25%
Eastern Division	(\$412)	(\$1,284)	(\$2,155)	(\$3,027)
NorthCentral Division	(\$800)	(\$1,686)	(\$2,571)	(\$3,456)
Southern Division	—	—	—	—
West Division	—	(\$306)	(\$1,186)	(\$2,066)
	(\$1,212)	(\$3,276)	(\$5,912)	(\$8,549)

### Income Taxes

We base our provision for income taxes on our current period income, changes in our deferred income tax assets and liabilities, income tax rates, changes in estimates of our uncertain tax positions, and tax planning opportunities available in the jurisdictions in which we operate. We prepare and file tax returns based on our interpretation of tax laws and regulations, and we record estimates based on these judgments and interpretations.

From time to time, we engage in transactions in which the tax consequences may be subject to uncertainty. In these cases, we evaluate our tax positions using the recognition threshold and the measurement attribute in accordance with the accounting guidance related to uncertain tax positions. Examples of these transactions include business acquisitions and disposals, including

consideration paid or received in connection with these transactions, and certain financing transactions. Significant judgment is required in assessing and estimating the tax consequences of these transactions. We determine whether it is more likely than not that a tax position will be sustained on examination, including the resolution of any related appeals or litigation processes, based on the technical merits of the position. In evaluating whether a tax position has met the more-likely-than-not recognition threshold, we presume that the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information. A tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to be recognized in our financial statements. The tax position is measured at the largest amount of benefit that has a greater than 50% likelihood of being realized when the position is ultimately resolved.

We adjust our estimates periodically to reflect changes in circumstances in ongoing examinations by and settlements with the various taxing authorities, as well as changes in tax laws, regulations and precedent. We believe that adequate accruals have been made for income taxes. When uncertain tax positions are ultimately resolved, either individually or in the aggregate, differences between our estimated amounts and the actual amounts are 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 flow for any one period. As of December 31, 2009, our uncertain tax positions and related accrued interest were approximately \$1.185 billion and \$519 million, respectively.