

COMCAST CORP  
Form 10-Q  
October 26, 2007  
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**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, 2007**

**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**

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**COMCAST CORPORATION**

(Exact name of registrant as specified in its charter)

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

**1500 Market Street, Philadelphia, PA 19102-2148**

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

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (215) 665-1700

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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 requirements for the past 90 days.

Yes  No

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Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

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, 2007, there were 2,077,828,113 shares of our Class A Common Stock, 985,898,792 shares of our Class A Special Common Stock and 9,444,375 shares of our Class B Common Stock outstanding.

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COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 2007

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This Quarterly Report on Form 10-Q is for the three and nine months ended September 30, 2007. 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 them, 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, plans, anticipates, believes, estimates, predicts, potential, or continue, or the negative of 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. Actual events or our actual results may differ materially from any of our 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

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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 costs and restrictions

we may face increased competition because of technological advances and new regulatory requirements, which could adversely affect our future results of operations

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 a number of potentially material transactions and, through his beneficial ownership of the Class B common stock, our Chairman and CEO has considerable influence over our operations

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COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 2007

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

| (in millions, except share data)   | September 30,<br>2007 | December 31,<br>2006 |
|--|-----------------------|----------------------|
| <b>ASSETS</b>  |                       |                      |
| Current Assets   |                       |                      |
| Cash and cash equivalents  | \$ 2,949              | \$ 1,239             |
| Investments  | 65                    | 1,735                |
| Accounts receivable, less allowance for doubtful accounts of \$185 and \$157   | 1,598                 | 1,450                |
| Other current assets   | 785                   | 778                  |
| Total current assets   | 5,397                 | 5,202                |
| Investments  | 6,223                 | 8,847                |
| Property and equipment, net of accumulated depreciation of \$18,816 and \$15,506   | 23,213                | 21,248               |
| Franchise rights   | 58,080                | 55,927               |
| Goodwill   | 14,549                | 13,768               |
| Other intangible assets, net of accumulated amortization of \$6,582 and \$5,543  | 5,092                 | 4,881                |
| Other noncurrent assets, net   | 617                   | 532                  |
|  | <b>\$ 113,171</b>     | <b>\$ 110,405</b>    |
| <b>LIABILITIES AND STOCKHOLDERS EQUITY</b>   |                       |                      |
| Current Liabilities  |                       |                      |
| Accounts payable and accrued expenses related to trade creditors   | \$ 3,014              | \$ 2,862             |
| Accrued expenses and other current liabilities   | 2,926                 | 3,032                |
| Deferred income taxes  |                       | 563                  |
| Current portion of long-term debt  | 764                   | 983                  |
| Total current liabilities  | 6,704                 | 7,440                |
| Long-term debt, less current portion   | 30,340                | 27,992               |
| Deferred income taxes  | 26,570                | 27,089               |
| Other noncurrent liabilities   | 7,404                 | 6,476                |
| Minority interest  | 265                   | 241                  |
| Commitments and Contingencies (Note 11)  |                       |                      |
| Stockholders 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, 2,443,288,863 and 2,425,818,710; outstanding, 2,077,828,113 and 2,060,357,960       | 24                    | 24                   |
| Class A Special common stock, \$0.01 par value authorized, 7,500,000,000 shares; issued, 1,056,833,556 and 1,120,659,771; outstanding, 985,898,792 and 1,049,725,007 | 11                    | 11                   |
| Class B common stock, \$0.01 par value authorized, 75,000,000 shares; issued and outstanding, 9,444,375  |                       |                      |
| Additional capital   | 42,318                | 42,401               |
| Retained earnings  | 7,145                 | 6,214                |
| 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)  | (93)                  | 34                   |

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|                            |                   |                   |
|----------------------------|-------------------|-------------------|
| Total stockholders' equity | 41,888            | 41,167            |
|                            | <b>\$ 113,171</b> | <b>\$ 110,405</b> |

See notes to condensed consolidated financial statements.

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COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 2007

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

| (in millions, except per share data)  | Three Months Ended<br>September 30, |                 | Nine Months Ended<br>September 30, |                 |
|---|-------------------------------------|-----------------|------------------------------------|-----------------|
|   | 2007                                | 2006            | 2007                               | 2006            |
| Revenues  | \$ 7,781                            | \$ 6,432        | \$ 22,881                          | \$ 17,935       |
| Costs and Expenses  |                                     |                 |                                    |                 |
| Operating (excluding depreciation)  | 2,759                               | 2,274           | 8,272                              | 6,477           |
| Selling, general and administrative   | 2,093                               | 1,721           | 5,905                              | 4,610           |
| Depreciation  | 1,291                               | 963             | 3,768                              | 2,748           |
| Amortization  | 247                                 | 250             | 816                                | 699             |
|   | 6,390                               | 5,208           | 18,761                             | 14,534          |
| Operating income  | 1,391                               | 1,224           | 4,120                              | 3,401           |
| Other Income (Expense)  |                                     |                 |                                    |                 |
| Interest expense  | (571)                               | (530)           | (1,689)                            | (1,502)         |
| Investment income (loss), net   | 158                                 | 857             | 458                                | 935             |
| Equity in net (losses) income of affiliates, net                            | (12)                                | (65)            | (49)                               | (86)            |
| Other income (expense)  | (1)                                 | 96              | 513                                | 194             |
|   | (426)                               | 358             | (767)                              | (459)           |
| Income from continuing operations before income taxes and minority interest | 965                                 | 1,582           | 3,353                              | 2,942           |
| Income tax expense  | (421)                               | (610)           | (1,400)                            | (1,126)         |
| Income from continuing operations before minority interest                  | 544                                 | 972             | 1,953                              | 1,816           |
| Minority interest   | 16                                  | (3)             | 32                                 | (10)            |
| <b>Income from continuing operations</b>                                    | <b>560</b>                          | <b>969</b>      | <b>1,985</b>                       | <b>1,806</b>    |
| Income from discontinued operations, net of tax                             |                                     | 14              |                                    | 103             |
| Gain on discontinued operations, net of tax                                 |                                     | 234             |                                    | 234             |
| <b>Net income</b>   | <b>\$ 560</b>                       | <b>\$ 1,217</b> | <b>\$ 1,985</b>                    | <b>\$ 2,143</b> |
| <b>Basic earnings per common share</b>                                      |                                     |                 |                                    |                 |
| Income from continuing operations   | \$ 0.18                             | \$ 0.31         | \$ 0.64                            | \$ 0.57         |
| Income from discontinued operations   |                                     |                 |                                    | 0.03            |
| Gain on discontinued operations   |                                     | 0.07            |                                    | 0.07            |
| Net income  | <b>\$ 0.18</b>                      | <b>\$ 0.38</b>  | <b>\$ 0.64</b>                     | <b>\$ 0.67</b>  |
| <b>Diluted earnings per common share</b>                                    |                                     |                 |                                    |                 |
| Income from continuing operations   | \$ 0.18                             | \$ 0.31         | \$ 0.63                            | \$ 0.57         |
| Income from discontinued operations   |                                     |                 |                                    | 0.03            |
| Gain on discontinued operations   |                                     | 0.07            |                                    | 0.07            |
| Net income  | <b>\$ 0.18</b>                      | <b>\$ 0.38</b>  | <b>\$ 0.63</b>                     | <b>\$ 0.67</b>  |

See notes to condensed consolidated financial statements.

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COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 2007

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

| (in millions)   | Nine Months Ended<br>September 30, |                 |
|---|------------------------------------|-----------------|
|   | 2007                               | 2006            |
| <b>OPERATING ACTIVITIES</b>   |                                    |                 |
| Net income  | \$ 1,985                           | \$ 2,143        |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities:   |                                    |                 |
| Depreciation  | 3,768                              | 2,748           |
| Amortization  | 816                                | 699             |
| Depreciation and amortization on discontinued operations                                      |                                    | 139             |
| Share-based compensation expense  | 161                                | 145             |
| Noncash interest expense (income), net  | 80                                 | 69              |
| Equity in net losses (income) of affiliates, net  | 49                                 | 86              |
| (Gains) losses on investments and noncash other (income) expense, net                         | (860)                              | (959)           |
| Gain on discontinued operations   |                                    | (797)           |
| Proceeds from sale of trading securities  | 603                                |                 |
| Noncash contribution expense  | 11                                 | 10              |
| Minority interest   | (32)                               | 10              |
| Deferred income taxes   | 160                                | 911             |
| Changes in operating assets and liabilities, net of effects of acquisitions and divestitures: |                                    |                 |
| Change in accounts receivable, net  | (51)                               | (136)           |
| Change in accounts payable and accrued expenses related to trade creditors                    | 10                                 | 385             |
| Change in other operating assets and liabilities  | (592)                              | (238)           |
| <b>Net cash provided by (used in) operating activities</b>                                    | <b>6,108</b>                       | <b>5,215</b>    |
| <b>FINANCING ACTIVITIES</b>   |                                    |                 |
| Proceeds from borrowings  | 3,610                              | 5,970           |
| Redemptions and repayments of debt  | (1,529)                            | (2,222)         |
| Repurchases of common stock   | (1,852)                            | (1,882)         |
| Issuances of common stock   | 404                                | 133             |
| Other   | 51                                 | 7               |
| <b>Net cash provided by (used in) financing activities</b>                                    | <b>684</b>                         | <b>2,006</b>    |
| <b>INVESTING ACTIVITIES</b>   |                                    |                 |
| Capital expenditures  | (4,584)                            | (3,051)         |
| Cash paid for intangible assets   | (313)                              | (227)           |
| Acquisitions, net of cash acquired  | (1,277)                            | (3,839)         |
| Proceeds from sales of investments  | 1,123                              | 2,519           |
| Purchases of investments  | (129)                              | (471)           |
| Proceeds from sales (purchases) of short-term investments, net                                | 52                                 | 15              |
| Other   | 46                                 | (3)             |
| <b>Net cash provided by (used in) investing activities</b>                                    | <b>(5,082)</b>                     | <b>(5,057)</b>  |
| Increase (decrease) in cash and cash equivalents  | 1,710                              | 2,164           |
| Cash and cash equivalents, beginning of period  | 1,239                              | 947             |
| <b>Cash and cash equivalents, end of period</b>   | <b>\$ 2,949</b>                    | <b>\$ 3,111</b> |

See notes to condensed consolidated financial statements.





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COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 2007

**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 upon 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. The results of operations for the interim periods presented are not necessarily indicative of results for the full year.

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.

**Stock Split**

In January 2007, our Board of Directors approved a three-for-two stock split in the form of a 50% stock dividend (the Stock Split ), which was paid on February 21, 2007 to shareholders of record on February 14, 2007. The stock dividend was in the form of an additional 0.5 share for every share held and was payable in shares of Class A common stock on the existing Class A common stock and payable in shares of Class A Special common stock on the existing Class A Special common stock and Class B common stock with cash being paid in lieu of fractional shares. The number of shares outstanding and related prices, per share amounts, share conversions and share-based data have been adjusted to reflect the Stock Split for all prior periods presented.

**Reclassifications**

Certain reclassifications have been made in our segment presentation to be consistent with our management reporting presentation (see Note 12).

**Note 2: Recent Accounting Pronouncements**

**SFAS No. 159**

In February 2007, the Financial Accounting Standards Board ( FASB ) issued Statement of Financial Accounting Standards ( SFAS ) No. 159, The Fair Value Option for Financial Assets and Financial Liabilities ( SFAS No. 159 ). SFAS No. 159 provides the option to report certain financial assets and liabilities at fair value, with the intent to mitigate volatility in financial reporting that can occur when related assets and liabilities are recorded on different bases. This statement is effective for us beginning January 1, 2008. We do not expect SFAS No. 159 will have a material impact on our consolidated financial statements.

**FASB Interpretation No. 48**

In July 2006, the FASB issued Financial Interpretation No. 48, Accounting for Uncertainty in Income Taxes an Interpretation of FASB Statement No. 109 ( FIN 48 ). FIN 48 clarifies the recognition threshold and measurement of a tax position taken on a tax return. FIN 48 also requires expanded disclosure with respect to the uncertainty in income taxes. Effective January 1, 2007, we adopted the provisions of FIN 48. See Note 9 for further details regarding the adoption of this interpretation.

**EITF Issue No. 06-10**

In March 2007, the Emerging Issues Task Force ( EITF ) reached a consensus on EITF Issue No. 06-10, Accounting for Deferred Compensation and Postretirement Benefit Aspects of Collateral Assignment Split-Dollar Life Insurance Arrangements ( EITF 06-10 ). EITF 06-10 provides that an employer should recognize a

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liability for the postretirement benefit related to collateral assignment split-dollar life insurance arrangements in accordance with either SFAS No. 106, Employers Accounting for Postretirement Benefits Other Than Pensions, or APB No. 12, Omnibus Opinion. We will adopt the provisions of EITF 06-10 as of January 1, 2008 and do not expect it to have a material impact on our consolidated financial statements.

**Note 3: Earnings Per Share**

Basic earnings per common share ( Basic EPS ) is computed by dividing income from continuing operations for common stockholders 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 restricted share units. Diluted earnings per common share ( Diluted EPS ) considers the impact of potentially dilutive securities 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, 2007 excludes approximately 56 million and 42 million potential common shares, respectively, and Diluted EPS for the three and nine months ended September 30, 2006 excludes approximately 122 million and 141 million potential common shares, respectively, related to our share-based compensation plans, because the inclusion of the potential common shares would have an antidilutive effect.

The table below reconciles the numerator and denominator of the computations of Diluted EPS from continuing operations for the periods presented:

| (in millions, except per share data)                           | Three Months Ended September 30, |              |                |                 |              |                  |
|--|----------------------------------|--------------|----------------|-----------------|--------------|------------------|
|  | 2007                             |              | Per Share      |                 | 2006         |                  |
|  | Income                           | Shares       | Amount         | Income          | Shares       | Per Share Amount |
| Basic EPS  | \$ 560                           | 3,087        | \$ 0.18        | \$ 969          | 3,144        | \$ 0.31          |
| Effect of Dilutive Securities:                                 |                                  |              |                |                 |              |                  |
| Assumed exercise or issuance of shares relating to stock plans |                                  | 31           |                |                 | 19           |                  |
| <b>Diluted EPS</b>   | <b>\$ 560</b>                    | <b>3,118</b> | <b>\$ 0.18</b> | <b>\$ 969</b>   | <b>3,163</b> | <b>\$ 0.31</b>   |
| (in millions, except per share data)                           | Nine Months Ended September 30,  |              |                |                 |              |                  |
|  | 2007                             |              | Per Share      |                 | 2006         |                  |
|  | Income                           | Shares       | Amount         | Income          | Shares       | Per Share Amount |
| Basic EPS  | \$ 1,985                         | 3,108        | \$ 0.64        | \$ 1,806        | 3,171        | \$ 0.57          |
| Effect of Dilutive Securities:                                 |                                  |              |                |                 |              |                  |
| Assumed exercise or issuance of shares relating to stock plans |                                  | 37           |                |                 | 15           |                  |
| <b>Diluted EPS</b>   | <b>\$ 1,985</b>                  | <b>3,145</b> | <b>\$ 0.63</b> | <b>\$ 1,806</b> | <b>3,186</b> | <b>\$ 0.57</b>   |

**Note 4: Acquisitions and Other Significant Events****Texas and Kansas City Cable Partnership**

In July 2006, we initiated the dissolution of Texas and Kansas City Cable Partners ( TKCCP ), our 50%-50% cable system partnership with Time Warner Cable ( TWC ). On January 1, 2007, the distribution of assets by TKCCP was completed and we received the cable system serving Houston, Texas ( Houston Asset Pool ) and TWC received the cable systems serving Kansas City, south and west Texas, and New Mexico ( Kansas City Asset Pool ). We accounted for the distribution of assets by TKCCP as a sale of our 50% interest in the Kansas City Asset Pool in exchange for acquiring an additional 50% interest in the Houston Asset Pool. This transaction



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## COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 2007

resulted in an increase of approximately 700,000 video subscribers. The estimated fair value of the 50% interest of the Houston Asset Pool we received was approximately \$1.1 billion and resulted in a pretax gain of approximately \$500 million, which is included in other income (expense). We recorded our 50% interest in the Houston Asset Pool as a step acquisition in accordance with SFAS No. 141, Business Combinations. The valuation of assets acquired and the estimated gain are based on preliminary valuations. Refinements may occur as these valuations are finalized. The results of operations for the Houston Asset Pool have been included in our consolidated financial statements since the date of the distribution of assets by TKCCP (January 1, 2007) and are reported in our Cable segment (effective August 1, 2006). The exchange of our 50% interest in the Kansas City Asset Pool for TWC's 50% interest in the Houston Asset Pool is considered a noncash investing activity.

**Adelphia and Time Warner Transactions**

In July 2006, we completed transactions with Adelphia and Time Warner that resulted in a net increase of approximately 1.7 million video subscribers, a net cash payment by us of approximately \$1.5 billion, the disposition of our ownership interests in TWC and Time Warner Entertainment (TWE) and the assets of two cable system partnerships, and the transfer of our previously owned cable systems in Los Angeles, Cleveland and Dallas (Comcast Exchange Systems). We collectively refer to these transactions as the Adelphia and Time Warner transactions.

The operating results of the Comcast Exchange Systems transferred to TWC are reported as discontinued operations and are presented in accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. As a result of the exchange, we recognized a gain on the sale of discontinued operations of \$234 million, net of tax of \$563 million. The table below presents the operating results of the Comcast Exchange Systems for the three and nine months ended September 30, 2006:

| (in millions)                       | Three Months Ended<br>September 30,<br>2006 | Nine Months Ended<br>September 30,<br>2006 |
|-------------------------------------|---|--|
| Revenues                            | \$ 109                                      | \$ 734                                     |
| Income before income taxes          | \$ 23                                       | \$ 121                                     |
| Income tax expense                  | \$ 9  | \$ 18                                      |
| Income from discontinued operations | \$ 14                                       | \$ 103                                     |

**Unaudited Pro Forma Information**

The following unaudited pro forma information has been presented as if the Adelphia and Time Warner transactions and the TKCCP transaction each occurred on January 1, 2006. This information is based on historical results of operations, adjusted for purchase price allocations, and is not necessarily indicative of what the results would have been had we operated the cable systems since January 1, 2006.

| (in millions, except per share data)            | Three Months Ended<br>September 30,<br>2006 | Nine Months Ended<br>September 30,<br>2006 |
|---|---|--|
| Revenues  | \$ 6,898                                    | \$ 20,259                                  |
| Income from continuing operations               | \$ 959                                      | \$ 1,817                                   |
| Income from discontinued operations, net of tax | \$ 14                                       | \$ 103                                     |
| Gain on discontinued operations, net of tax     | \$ 234                                      | \$ 234                                     |
| Net income                                      | \$ 1,207                                    | \$ 2,154                                   |
| Basic EPS                                       | \$ 0.38                                     | \$ 0.68                                    |
| Diluted EPS                                     | \$ 0.38                                     | \$ 0.68                                    |

**Other Acquisitions**

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In August 2007, we acquired the cable system of Patriot Media serving approximately 81,000 video subscribers in central New Jersey. In June 2007, we acquired Rainbow Media Holdings LLC's 60% interest in Bay Area SportsNet and its 50% interest in Sports Channel New England, expanding our regional sports networks. The completion of this transaction resulted in our 100% ownership in Sports Channel New England and 60% ownership in Bay Area SportsNet. The results of operations of Patriot Media, Bay Area SportsNet and Sports Channel New England have

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## COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 2007

been included in our consolidated financial statements since their acquisition dates and are reported in our Cable segment. In April 2007, we acquired Fandango, an online entertainment site and movie-ticket service. The results of operations of Fandango have been included in our consolidated financial statements since the acquisition date and are reported in Corporate and Other. None of these acquisitions were material to our consolidated financial statements for the three and nine months ended September 30, 2007.

**Note 5: Investments**

| (in millions)  | September 30,<br>2007 | December 31,<br>2006 |
|--|-----------------------|----------------------|
| Fair value method  |                       |                      |
| Cablevision Systems Corporation                            | \$ 179                | \$ 146               |
| Discovery Holding Company                                  | 289                   | 161                  |
| Embarq Corporation   | 6                     | 69                   |
| GSI Commerce   |                       | 48                   |
| Liberty Capital  | 624                   | 490                  |
| Liberty Global   | 612                   | 439                  |
| Liberty Interactive  | 480                   | 539                  |
| Sprint Nextel  | 38                    | 493                  |
| Time Warner Inc.   |                       | 1,052                |
| Vodafone   |                       | 61                   |
| Other  | 7                     | 15                   |
|  | 2,235                 | 3,513                |
| Equity method, primarily cable-related and SpectrumCo, LLC | 2,375                 | 5,394                |
| Cost method, primarily AirTouch                            | 1,678                 | 1,675                |
| Total investments  | 6,288                 | 10,582               |
| Less: current investments                                  | 65                    | 1,735                |
| <b>Noncurrent investments</b>                              | <b>\$ 6,223</b>       | <b>\$ 8,847</b>      |

The cost, fair value and unrealized gains related to our available-for-sale securities are presented in the table below. The decreases from December 31, 2006 to September 30, 2007 are primarily the result of the sale of all of the remaining shares in Time Warner Inc. held by us during the nine months ended September 30, 2007.

| (in millions)     | September 30,<br>2007 | December 31,<br>2006 |
|-------------------|-----------------------|----------------------|
| Cost              | \$ 49                 | \$ 936               |
| Unrealized gains  | 33                    | 254                  |
| <b>Fair value</b> | <b>\$ 82</b>          | <b>\$ 1,190</b>      |

**Texas and Kansas City Cable Partnership**

We accounted for our interest in TKCCP, totaling approximately \$3.0 billion, as an equity method investment through January 1, 2007, the date the Houston Asset Pool was distributed to us (see Note 4).

**Insight Midwest Partnership**

In April 2007, we and Insight Communications ( Insight ) agreed to divide the assets and liabilities of Insight Midwest, LP ( Insight Midwest ), a 50%-50% cable system partnership with Insight. Under the terms of the agreement, we will receive cable systems serving approximately 690,000 video subscribers in Illinois and Indiana, together with approximately \$1.34 billion of debt allocated to those cable systems ( Comcast



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Asset Pool ). Insight will receive cable systems serving approximately 650,000 video subscribers, together with approximately \$1.26 billion of debt allocated to those cable systems ( Insight Asset Pool ). We will continue to account for our interest in Insight Midwest as an equity method investment until the Comcast Asset Pool is distributed to us. Closing of

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the transaction is subject to customary government and other approvals and is expected on or about January 1, 2008. The debt allocated to us will be repaid upon closing of the transaction. Effective April 1, 2007, we are reporting our share of the earnings and losses of Insight Midwest based solely on the operating results of the Comcast Asset Pool.

**Investment Income (Loss), Net**

The table below presents the components of investment income (loss), net:

| (in millions)  | Three Months Ended<br>September 30, |               | Nine Months Ended<br>September 30, |               |
|--|-------------------------------------|---------------|------------------------------------|---------------|
|  | 2007                                | 2006          | 2007                               | 2006          |
| Interest and dividend income   | \$ 35                               | \$ 55         | \$ 126                             | \$ 136        |
| Gains on sales and exchanges of investments, net   | 49                                  | 745           | 148                                | 753           |
| Investment impairment losses   | (1)                                 |               | (4)                                |               |
| Unrealized gains (losses) on trading securities and hedged items                         | 1                                   | 81            | 493                                | 82            |
| Mark to market adjustments on derivatives related to trading securities and hedged items | 76                                  | (22)          | (343)                              | (46)          |
| Mark to market adjustments on derivatives  | (2)                                 | (2)           | 38                                 | 10            |
| <b>Investment income (loss), net</b>   | <b>\$ 158</b>                       | <b>\$ 857</b> | <b>\$ 458</b>                      | <b>\$ 935</b> |

**Note 6: Goodwill**

The changes in the carrying amount of goodwill by business segment for the nine months ended September 30, 2007 are presented in the table below:

| (in millions)                      | Cable            | Programming     | Corporate<br>and Other | Total            |
|------------------------------------|------------------|-----------------|------------------------|------------------|
| Balance, December 31, 2006         | \$ 12,010        | \$ 1,441        | \$ 317                 | \$ 13,768        |
| Settlements or adjustments         | 185              | (8)             | (79)                   | 98               |
| Acquisitions                       | 528              |                 | 155                    | 683              |
| <b>Balance, September 30, 2007</b> | <b>\$ 12,723</b> | <b>\$ 1,433</b> | <b>\$ 393</b>          | <b>\$ 14,549</b> |

Settlements or adjustments are primarily a result of valuation refinements related to the Adelphia and Time Warner transactions and the adoption of FIN 48. Acquisitions are primarily related to the acquisition of the Houston Asset Pool, Patriot Media and various smaller acquisitions.

**Note 7: Long-Term Debt****Borrowings**

During the nine months ended September 30, 2007, we issued approximately \$3.6 billion principal amount of debt. In August 2007, we issued \$3.0 billion of notes consisting of \$1.0 billion principal amount of 6.30% notes due 2017 and \$2.0 billion principal amount of 6.95% notes due 2037. We used the net proceeds of these offerings for working capital and general corporate purposes, including the repayment of commercial paper obligations. In May 2007, we issued \$575 million principal amount of 6.625% notes due 2056. We used the net proceeds of this offering for the repayment of certain debt obligations, working capital and general corporate purposes.

**Redemptions and Repayments**

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During the nine months ended September 30, 2007, we redeemed or repaid approximately \$1.5 billion principal amount of our debt. In February 2007, we redeemed \$186 million principal amount of 8.15% notes due 2032. In March 2007, we redeemed \$268 million principal amount of 9.65% debt supporting trust preferred securities due 2027. In April 2007, we repaid a \$185 million term loan due 2008. In May 2007, we repaid all \$600 million

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principal amount of 8.375% notes at maturity. During the nine months ended September 30, 2007, we also repaid approximately \$200 million of amounts outstanding under our commercial paper program. These redemptions and repayments were funded with available cash and with the proceeds from the May 2007 notes offering.

**Note 8: Stockholders Equity**

**Share-Based Compensation**

Effective January 1, 2006, we adopted SFAS No. 123R, Share-Based Payment ( SFAS No. 123R ), which requires the cost of all share-based payments to employees to be recognized in the financial statements based on their fair values at grant date, or the date of later modification, over the requisite service period.

In connection with the Stock Split, all outstanding share-based awards were modified as required under the terms of our equity plans. This modification did not change the fair value of outstanding awards. Prior to this modification, compensation costs related to awards granted before the adoption of SFAS No. 123R were recognized under an accelerated recognition method. As a result of the Stock Split modification, the remaining unrecognized compensation costs related to all awards are recognized on a straight-line basis over the remaining requisite service period. The impact of this change was not material to our consolidated financial statements.

In March 2007, 12.5 million stock options and 4.9 million restricted share units ( RSUs ) were granted related to our annual management grant program. The fair values associated with these grants were \$9.47 per stock option and \$25.44 per RSU.

Compensation expense recognized related to stock options and RSU awards is summarized in the table below:

| (in millions)          | Three Months Ended<br>September 30, |       | Nine Months Ended<br>September 30, |       |
|------------------------|-------------------------------------|-------|------------------------------------|-------|
|                        | 2007                                | 2006  | 2007                               | 2006  |
| Stock options          | \$ 23                               | \$ 31 | \$ 67                              | \$ 98 |
| Restricted share units | 21                                  | 18    | 55                                 | 47    |

As of September 30, 2007, there was \$279 million and \$271 million of unrecognized pretax compensation cost related to nonvested stock options and nonvested RSUs, respectively.

Effective with the March 2007 grant, we are granting net-settled stock options instead of stock options exercised with a cash payment. In net-settled stock options, an employee receives the number of shares equal to the number of options being exercised less the number of shares necessary to satisfy the cost to exercise the options and, if applicable, taxes due on exercise based on the fair value of the shares on the exercise date. Net-settled stock options will result in fewer shares issued into the market and no cash proceeds will be received by us upon exercise of options. In July 2007, we offered holders of non-qualified stock options the opportunity to convert their outstanding options to net-settled stock options. As of September 30, 2007, over half of our 177 million total outstanding stock options were designated net-settled stock options.

**Comprehensive Income**

Our total comprehensive income for the three and nine months ended September 30, 2007 and 2006 is presented in the table below:

| (in millions) | Three Months Ended<br>September 30, |      | Nine Months Ended<br>September 30, |      |
|---------------|-------------------------------------|------|------------------------------------|------|
|               | 2007                                | 2006 | 2007                               | 2006 |

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|  |               |                 |                 |                 |
|--|---------------|-----------------|-----------------|-----------------|
| Net income   | \$ 560        | \$ 1,217        | \$ 1,985        | \$ 2,143        |
| Unrealized (losses) gains on marketable securities                     |               | 40              | (2)             | 12              |
| Reclassification adjustments for losses (gains) included in net income | 42            | (39)            | 138             | 8               |
| Cumulative translation adjustments                                     | (1)           |                 | (9)             |                 |
| <b>Comprehensive income</b>  | <b>\$ 601</b> | <b>\$ 1,218</b> | <b>\$ 2,112</b> | <b>\$ 2,163</b> |

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**Note 9: Income Taxes**

We adopted the provisions of FIN 48 on January 1, 2007. FIN 48 prescribes the recognition threshold and measurement attribute for the financial statement recognition and measurement of uncertain tax positions taken or expected to be taken in a tax return. As a result of this adoption, we recognized a \$35 million decrease in our reserves for uncertain tax positions, a \$25 million increase in goodwill, a \$60 million increase in retained earnings and a reclassification of approximately \$960 million between deferred income taxes and other noncurrent liabilities to conform with the balance sheet presentation requirements of FIN 48. Our total uncertain tax positions as of January 1, 2007 were \$2.1 billion, excluding the federal benefits on state tax positions that have been recorded as deferred income taxes; this amount includes a \$500 million tax payment for which we are seeking a refund. If we were to recognize the tax benefit for such positions, approximately \$550 million would impact our effective tax rate.

We file a consolidated federal income tax return and income tax returns with various states. Our federal and state income tax return examinations, with limited exceptions, have been completed through 1999. The Internal Revenue Service ( IRS ) and various states are currently conducting examinations of our income tax returns for the years 2000 through 2004. The IRS has proposed certain adjustments primarily related to certain financing transactions. We are currently disputing those proposed adjustments, but if the adjustments are sustained, such adjustments would not have a material impact on our effective tax rate. In addition, the statutes of limitations could expire for certain of our state tax returns over the next 12 months, which could result in favorable adjustments to our uncertain tax positions. Such adjustments are not expected to have a material impact on our effective tax rate.

We classify interest and penalties, if any, associated with our uncertain tax positions as a component of income tax expense. As of January 1, 2007, we had accrued approximately \$700 million of interest associated with our uncertain tax positions. For the three and nine months ended September 30, 2007, we recognized \$26 million and \$78 million, respectively, of interest, net of deferred tax benefit, within income tax expense.

**Note 10: Statement of Cash Flows Supplemental Information**

As of December 31, 2006, we began presenting our cash overdrafts resulting from checks drawn on zero balance accounts ( book overdrafts ) within accounts payable and accrued expenses related to trade creditors. Previously, these book overdrafts were included within cash and cash equivalents. Our financial statements reflect this revised presentation for 2006. Accordingly, the reported amounts of our cash and cash equivalents and accounts payable and accrued expenses related to trade creditors increased as of September 30, 2006 by \$337 million and net cash provided by operating activities for the nine months ended September 30, 2006 increased by \$83 million.

The table below presents the cash payments we made for interest and income taxes during the three and nine months ended September 30, 2007 and 2006:

| (in millions) | Three Months Ended<br>September 30, |        | Nine Months Ended<br>September 30, |          |
|---------------|-------------------------------------|--------|------------------------------------|----------|
|               | 2007                                | 2006   | 2007                               | 2006     |
| Interest      | \$ 646                              | \$ 542 | \$ 1,724                           | \$ 1,452 |
| Income taxes  | \$ 792                              | \$ 200 | \$ 1,439                           | \$ 611   |

During the nine months ended September 30, 2007, we:

exchanged our 50% interest in the Kansas City Asset Pool for TWC's 50% interest in the Houston Asset Pool, which is considered a noncash investing activity

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settled the remaining outstanding \$49 million face amount of exchangeable notes by delivering approximately 1.8 million of the 2.2 million underlying Vodafone ADRs to the counterparty, which is considered a noncash financing and investing activity

entered into capital leases totaling \$46 million, which is considered a noncash investing and financing activity

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**Note 11: Commitments and Contingencies**

**Commitments**

Certain of our subsidiaries support debt compliance with respect to obligations of certain cable television partnerships and investments in which we hold an ownership interest (see Note 5). The obligations expire between May 2008 and March 2011. Although there can be no assurance, we believe that we will not be required to meet our obligations under such commitments. The total notional amount of our commitments was \$965 million as of September 30, 2007, at which time there were no quoted market prices for similar agreements.

**Contingencies**

***At Home Cases***

Litigation has been filed against us as a result of our alleged conduct with respect to our investment in and distribution relationship with At Home Corporation. At Home was a provider of high-speed Internet services that filed for bankruptcy protection in September 2001. Filed actions are: (i) class action lawsuits against us, AT&T (the former controlling shareholder of At Home and also a former distributor of the At Home service) and others in the United States District Court for the Southern District of New York, alleging securities law violations and common law fraud in connection with disclosures made by At Home in 2001; and (ii) a lawsuit brought in the United States District Court for the District of Delaware in the name of At Home by certain At Home bondholders against us, Brian L. Roberts (our Chairman and Chief Executive Officer and a director), Cox (Cox is also an investor in At Home and a former distributor of the At Home service) and others, alleging breaches of fiduciary duty relating to March 2000 agreements (which, among other things, revised the distributor relationships), and seeking recovery of alleged short-swing profits under Section 16(b) of the Securities Exchange Act of 1934 (purported to have arisen in connection with certain transactions relating to At Home stock effected under the March 2000 agreements).

In the Southern District of New York actions (item (i) above), the court dismissed all claims. The plaintiffs appealed this decision, and the Court of Appeals for the Second Circuit denied the plaintiffs' appeal and a subsequent petition for rehearing. Plaintiffs are seeking a further appeal to the U.S. Supreme Court against AT&T and its directors, but not us. The Delaware case (item (ii) above) was transferred to the United States District Court for the Southern District of New York. The court dismissed the Section 16(b) claims, and the breach of fiduciary duty claim for lack of federal jurisdiction. The Court of Appeals for the Second Circuit denied the plaintiffs' appeal from the decision dismissing the Section 16(b) claims, and the U.S. Supreme Court denied the plaintiffs' petition for a further appeal. The plaintiffs recommenced the breach of fiduciary duty claim in Delaware Chancery Court. In October 2007, the parties reached an agreement in principal to settle the litigation in exchange for a payment of \$40 million from each of Comcast and Cox. The settlement is subject to Bankruptcy Court approval. As a result, we recorded this \$40 million to selling, general and administrative expenses in our results of operations for the three and nine months ended September 30, 2007.

Under the terms of our 2002 acquisition of AT&T Corp.'s cable business, we are contractually liable for 50% of any liabilities of AT&T in the action described in item (i) above (in which we are also a defendant).

We deny any wrongdoing in connection with the claims that have been made directly against us, our subsidiaries and Brian L. Roberts, and are defending all of these claims vigorously. The final disposition of these claims is not expected to have a material effect on our consolidated financial position, but could possibly be material to our consolidated results of operations of any one period. Further, no assurance can be given that any adverse outcome would not be material to our consolidated financial position.

***Patent Litigation***

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 vendors pursuant to applicable contractual indemnification provisions. To the extent that the





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allegations in these lawsuits can be analyzed by us at this stage of their proceedings, we believe the claims are without merit and intend to defend the actions vigorously. The final disposition of these claims 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 of any one period. Further, no assurance can be given that any adverse outcome would not be material to our consolidated financial position.

***Antitrust Cases***

We are defendants in two purported class actions originally filed in the United States District Courts for the District of Massachusetts and the Eastern District of Pennsylvania, respectively. The potential class in the Massachusetts case 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 pursuant to antitrust statutes, including treble damages.

Our motion to dismiss the Pennsylvania case on the pleadings was denied and classes of Philadelphia Cluster and Chicago Cluster subscribers were certified. Our motion to dismiss the Massachusetts case, which was recently transferred to the Eastern District of Pennsylvania, was also denied.

We believe the claims in these actions are without merit and are defending the actions vigorously. The final disposition of these claims 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 of any one period. Further, no assurance can be given that any adverse outcome would not be material to our consolidated financial position.

***Other***

We are subject to other legal proceedings and claims that arise in the ordinary course of our business. The amount of ultimate liability with respect to such actions is not expected to materially affect our financial position, results of operations or liquidity.

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**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. Our financial data by business segment is as follows:

| (in millions)   | Cable(a)(b)(c) | Programming(d) | Corporate and Other(c)(e)(f) | Eliminations(f)(g) | Total     |
|---|----------------|----------------|------------------------------|--------------------|-----------|
| <b>Three months ended September 30, 2007</b>                    |                |                |                              |                    |           |
| Revenues(h)   | \$ 7,400       | \$ 330         | \$ 96                        | \$ (45)            | \$ 7,781  |
| Operating income (loss) before depreciation and amortization(i) | 2,975          | 97             | (97)                         | (46)               | 2,929     |
| Depreciation and amortization                                   | 1,473          | 46             | 27                           | (8)                | 1,538     |
| Operating income (loss)   | 1,502          | 51             | (124)                        | (38)               | 1,391     |
| Capital Expenditures  | 1,492          | 8              | 26                           |                    | 1,526     |
| <b>Three months ended September 30, 2006</b>                    |                |                |                              |                    |           |
| Revenues(h)   | \$ 6,298       | \$ 259         | \$ 59                        | \$ (184)           | \$ 6,432  |
| Operating income (loss) before depreciation and amortization(i) | 2,498          | 87             | (94)                         | (54)               | 2,437     |
| Depreciation and amortization                                   | 1,157          | 41             | 18                           | (3)                | 1,213     |
| Operating income (loss)   | 1,341          | 46             | (112)                        | (51)               | 1,224     |
| Capital Expenditures  | 1,173          | 5              | 34                           | (15)               | 1,197     |
| <b>Nine months ended September 30, 2007</b>                     |                |                |                              |                    |           |
| Revenues(h)   | \$ 21,728      | \$ 966         | \$ 354                       | \$ (167)           | \$ 22,881 |
| Operating income (loss) before depreciation and amortization(i) | 8,799          | 237            | (284)                        | (48)               | 8,704     |
| Depreciation and amortization                                   | 4,384          | 139            | 79                           | (18)               | 4,584     |
| Operating income (loss)   | 4,415          | 98             | (363)                        | (30)               | 4,120     |
| Capital Expenditures  | 4,521          | 22             | 41                           |                    | 4,584     |
| <b>Nine months ended September 30, 2006</b>                     |                |                |                              |                    |           |
| Revenues(h)   | \$ 17,166      | \$ 771         | \$ 261                       | \$ (263)           | \$ 17,935 |
| Operating income (loss) before depreciation and amortization(i) | 6,930          | 196            | (222)                        | (56)               | 6,848     |
| Depreciation and amortization                                   | 3,269          | 123            | 67                           | (12)               | 3,447     |
| Operating income (loss)   | 3,661          | 73             | (289)                        | (44)               | 3,401     |
| Capital Expenditures  | 2,913          | 18             | 49                           | 71                 | 3,051     |

(a) For the three and nine months ended September 30, 2007 and 2006, Cable segment revenues were derived from the following services:

|                     | Three Months Ended<br>September 30, |       | Nine Months Ended<br>September 30, |       |
|---------------------|-------------------------------------|-------|------------------------------------|-------|
|                     | 2007                                | 2006  | 2007                               | 2006  |
| Video               | 59.4%                               | 62.6% | 60.9%                              | 63.2% |
| High-speed Internet | 21.9                                | 20.9  | 21.8                               | 20.4  |
| Phone               | 6.4                                 | 3.9   | 5.7                                | 3.5   |

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|              |             |             |             |             |
|--------------|-------------|-------------|-------------|-------------|
| Advertising  | 5.5         | 5.8         | 5.1         | 5.8         |
| Other        | 6.8         | 6.8         | 6.5         | 7.1         |
| <b>Total</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> |

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- (b) Our regional sports and news networks (Comcast SportsNet, Comcast SportsNet Mid-Atlantic, Comcast SportsNet Chicago, Comcast SportsNet West, Cable Sports Southeast, MountainWest Sports Network, CN8-The Comcast Network, Sports Channel New England and Bay Area SportsNet) are included in our Cable segment. To be consistent with our management reporting presentation, beginning August 1, 2006, the Cable segment also included the operating results of the Houston Asset Pool (see Note 4). The operating results of the Houston Asset Pool are reversed in the Elimination column for the three and nine months ended September 30, 2006 to reconcile to our consolidated financial statements.
- (c) The 2006 Cable segment and Corporate and Other amounts have been adjusted for segment reclassifications to be consistent with our 2007 management reporting presentation. The adjustments resulted in the reclassification of revenue for the three and nine months ended September 30, 2006 of \$14 million and \$39 million, respectively, and the reclassification of operating income (loss) before depreciation and amortization of \$9 million and \$25 million, respectively, from our Cable segment to Corporate and Other.
- (d) The Programming segment includes our consolidated national programming networks (E!, Style, The Golf Channel, VERSUS, G4 and AZN Television) and other entertainment-related businesses.
- (e) Corporate and Other includes Comcast Spectacor, Comcast Interactive Media, a portion of operating results of our less than wholly owned technology development ventures (see (f) below), corporate activities and all other businesses not presented in our Cable or Programming segments.
- (f) We consolidate our less than wholly owned technology development ventures, which 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. Cost allocations are made to the Cable segment based on our percentage ownership in each entity. The remaining net costs related to the minority corporate partners are included in Corporate and Other.
- (g) Included in the Eliminations column are intersegment 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 of programming expenses

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

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

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- (i) To measure the performance of our operating segments, we use operating income (loss) before depreciation and amortization, excluding impairment charges related to fixed and intangible assets, and gains or losses from the sale of assets, if any. This measure eliminates the significant level of noncash depreciation and amortization expense that results from the capital-intensive nature of our businesses and from intangible assets recognized in business combinations. It is also unaffected by our capital structure or investment activities. We use this measure to evaluate our consolidated operating performance, the operating performance of our operating segments, and to allocate resources and capital to our operating segments. It is also a significant performance measure in our annual incentive compensation programs. We believe that this measure is useful to investors because it is one of the bases for comparing our operating performance with that of 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), net cash provided by operating activities or other measures of performance or liquidity reported in accordance with GAAP.

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**Note 13: Condensed Consolidating Financial Information**

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

Comcast Corporation unconditionally guarantees Comcast Holdings ZONES due October 2029 and its 10<sup>1/8</sup>% Senior Subordinated Debentures due 2012, both of which were issued by Comcast Holdings. Accordingly, we have included Comcast Holdings' condensed consolidated information for all periods presented. Our condensed consolidating financial information is presented below:

**Comcast Corporation****Condensed Consolidating Balance Sheet**

September 30, 2007

| (in millions)   | Comcast<br>Parent | CCCL<br>Parent   | CCCH<br>Parent   | Combined<br>CCHMO<br>Parents | Comcast<br>Holdings | Non-<br>Guarantor<br>Subsidiaries | Elimination<br>and<br>Consolidation<br>Adjustments | Consolidated<br>Comcast<br>Corporation |
|---|-------------------|------------------|------------------|------------------------------|---------------------|-----------------------------------|--|--|
| <b>ASSETS</b>   |                   |                  |                  |                              |                     |                                   |  |  |
| Cash and cash equivalents   | \$                | \$               | \$               | \$                           | \$                  | \$ 2,949                          | \$   | \$ 2,949                               |
| Investments   |                   |                  |                  |                              |                     | 65                                |  | 65                                     |
| Accounts receivable, net  |                   |                  |                  |                              |                     | 1,598                             |  | 1,598                                  |
| Other current assets  | 14                | 1                |                  |                              |                     | 770                               |  | 785                                    |
| Total current assets  | 14                | 1                |                  |                              |                     | 5,382                             |  | 5,397                                  |
| Investments   |                   |                  |                  |                              |                     | 6,223                             |  | 6,223                                  |
| Investments in and amounts due from<br>subsidiaries eliminated upon consolidation | 68,125            | 31,992           | 39,289           | 42,375                       | 25,359              | 1,971                             | (209,111)  |  |
| Property and equipment, net   | 119               |                  | 1                |                              |                     | 23,093                            |  | 23,213                                 |
| Franchise rights  |                   |                  |                  |                              |                     | 58,080                            |  | 58,080                                 |
| Goodwill  |                   |                  |                  |                              |                     | 14,549                            |  | 14,549                                 |
| Other intangible assets, net  |                   |                  |                  |                              |                     | 5,092                             |  | 5,092                                  |
| Other noncurrent assets, net  | 246               | 12               | 18               |                              | 30                  | 311                               |  | 617                                    |
| <b>Total assets</b>   | <b>\$ 68,504</b>  | <b>\$ 32,005</b> | <b>\$ 39,308</b> | <b>\$ 42,375</b>             | <b>\$ 25,389</b>    | <b>\$ 114,701</b>                 | <b>\$ (209,111)</b>                                | <b>\$ 113,171</b>                      |
| <b>LIABILITIES AND STOCKHOLDERS</b>   |                   |                  |                  |                              |                     |                                   |  |  |
| <b>EQUITY</b>   |                   |                  |                  |                              |                     |                                   |  |  |
| Accounts payable and accrued expenses<br>related to trade creditors               | \$ 1              | \$               | \$               | \$                           | \$                  | \$ 3,013                          | \$   | \$ 3,014                               |
| Accrued expenses and other current liabilities                                    | 595               | 233              | 50               | 42                           | 75                  | 1,931                             |  | 2,926                                  |
| Deferred income taxes   |                   |                  |                  |                              |                     |                                   |  |  |
| Current portion of long-term debt   |                   | 348              |                  | 325                          |                     | 91                                |  | 764                                    |
| Total current liabilities   | 596               | 581              | 50               | 367                          | 75                  | 5,035                             |  | 6,704                                  |
| Long-term debt, less current portion  | 18,775            | 4,072            | 3,498            | 2,719                        | 985                 | 291                               |  | 30,340                                 |
| Deferred income taxes   | 6,176             |                  |                  |                              | 936                 | 19,458                            |  | 26,570                                 |
| Other noncurrent liabilities  | 1,069             | 22               |                  |                              | 116                 | 6,197                             |  | 7,404                                  |

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|  |                  |                  |                  |                  |                  |                   |                     |  |                   |
|--|------------------|------------------|------------------|------------------|------------------|-------------------|---------------------|--|-------------------|
| Minority interest                                |                  |                  |                  |                  |                  |                   | 265                 |  | 265               |
| <b>Stockholders Equity</b>                       |                  |                  |                  |                  |                  |                   |                     |  |                   |
| Common stock                                     |                  | 35               |                  |                  |                  |                   |                     |  | 35                |
| Other stockholders equity                        | 41,853           | 27,330           | 35,760           | 39,289           | 23,277           | 83,455            | (209,111)           |  | 41,853            |
| Total stockholders equity                        | 41,888           | 27,330           | 35,760           | 39,289           | 23,277           | 83,455            | (209,111)           |  | 41,888            |
| <b>Total liabilities and stockholders equity</b> | <b>\$ 68,504</b> | <b>\$ 32,005</b> | <b>\$ 39,308</b> | <b>\$ 42,375</b> | <b>\$ 25,389</b> | <b>\$ 114,701</b> | <b>\$ (209,111)</b> |  | <b>\$ 113,171</b> |



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COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 2007

**Comcast Corporation**  
**Condensed Consolidating Balance Sheet**  
**December 31, 2006**

| (in millions)   | Comcast<br>Parent | CCCL<br>Parent   | CCCH<br>Parent   | Combined<br>CCHMO<br>Parents | Comcast<br>Holdings | Non-<br>Guarantor<br>Subsidiaries | Elimination<br>and<br>Consolidation<br>Adjustments | Consolidated<br>Comcast<br>Corporation |
|---|-------------------|------------------|------------------|------------------------------|---------------------|-----------------------------------|--|--|
| <b>ASSETS</b>   |                   |                  |                  |                              |                     |                                   |  |  |
| Cash and cash equivalents   | \$ 77             | \$               | \$               | \$                           | \$                  | \$ 1,162                          | \$   | \$ 1,239                               |
| Investments   |                   |                  |                  |                              |                     | 1,735                             |  | 1,735                                  |
| Accounts receivable, net  |                   |                  |                  |                              |                     | 1,450                             |  | 1,450                                  |
| Other current assets  | 15                | 1                |                  |                              |                     | 762                               |  | 778                                    |
| Total current assets  | 92                | 1                |                  |                              |                     | 5,109                             |  | 5,202                                  |
| Investments   |                   |                  |                  |                              |                     | 8,847                             |  | 8,847                                  |
| Investments in and amounts due from<br>subsidiaries eliminated upon consolidation | 62,622            | 31,152           | 37,757           | 41,151                       | 24,250              | 1,629                             | (198,561)  |  |
| Property and equipment, net   | 17                |                  | 1                |                              |                     | 21,230                            |  | 21,248                                 |
| Franchise rights  |                   |                  |                  |                              |                     | 55,927                            |  | 55,927                                 |
| Goodwill  |                   |                  |                  |                              |                     | 13,768                            |  | 13,768                                 |
| Other intangible assets, net  |                   |                  |                  |                              |                     | 4,881                             |  | 4,881                                  |
| Other noncurrent assets, net  | 176               | 16               | 20               |                              | 31                  | 289                               |  | 532                                    |
| <b>Total assets</b>   | <b>\$ 62,907</b>  | <b>\$ 31,169</b> | <b>\$ 37,778</b> | <b>\$ 41,151</b>             | <b>\$ 24,281</b>    | <b>\$ 111,680</b>                 | <b>\$ (198,561)</b>                                | <b>\$ 110,405</b>                      |
| <b>LIABILITIES AND STOCKHOLDERS EQUITY</b>  |                   |                  |                  |                              |                     |                                   |  |  |
| Accounts payable and accrued expenses<br>related to trade creditors               | \$ 11             | \$               | \$               | \$                           | \$                  | \$ 2,851                          | \$   | \$ 2,862                               |
| Accrued expenses and other current<br>liabilities                                 | 616               | 247              | 83               | 106                          | 69                  | 1,911                             |  | 3,032                                  |
| Deferred income taxes   |                   |                  |                  |                              |                     | 563                               |  | 563                                    |
| Current portion of long-term debt   |                   | 600              |                  | 242                          |                     | 141                               |  | 983                                    |
| Total current liabilities   | 627               | 847              | 83               | 348                          | 69                  | 5,466                             |  | 7,440                                  |
| Long term-debt, less current portion  | 15,358            | 4,397            | 3,498            | 3,046                        | 949                 | 744                               |  | 27,992                                 |
| Deferred income taxes   | 4,638             |                  |                  |                              |                     | 887                               | 21,564   | 27,089                                 |
| Other noncurrent liabilities  | 1,117             | 46               |                  |                              | 76                  | 5,237                             |  | 6,476                                  |
| Minority interest   |                   |                  |                  |                              |                     | 241                               |  | 241                                    |
| <b>Stockholders Equity</b>  |                   |                  |                  |                              |                     |                                   |  |  |
| Common stock  | 35                |                  |                  |                              |                     |                                   |  | 35                                     |
| Other stockholders equity   | 41,132            | 25,879           | 34,197           | 37,757                       | 22,300              | 78,428                            | (198,561)  | 41,132                                 |
| Total stockholders equity   | 41,167            | 25,879           | 34,197           | 37,757                       | 22,300              | 78,428                            | (198,561)  | 41,167                                 |
| <b>Total liabilities and stockholders equity</b>                                  | <b>\$ 62,907</b>  | <b>\$ 31,169</b> | <b>\$ 37,778</b> | <b>\$ 41,151</b>             | <b>\$ 24,281</b>    | <b>\$ 111,680</b>                 | <b>\$ (198,561)</b>                                | <b>\$ 110,405</b>                      |

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COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 2007

**Comcast Corporation**  
**Condensed Consolidating Statement of Operations**  
**For the Three Months Ended September 30, 2007**

| (in millions)  | Comcast<br>Parent | CCCL<br>Parent | CCCH<br>Parent | Combined<br>CCHMO<br>Parents | Comcast<br>Holdings | Non-<br>Guarantor<br>Subsidiaries | Elimination<br>and<br>Consolidation<br>Adjustments | Consolidated<br>Comcast<br>Corporation |
|--|-------------------|----------------|----------------|------------------------------|---------------------|-----------------------------------|--|--|
| <b>Revenues</b>  |                   |                |                |                              |                     |                                   |  |  |
| Service revenues   | \$                | \$             | \$             | \$                           | \$                  | \$ 7,781                          | \$   | \$ 7,781                               |
| Management fee revenue   | 159               | 55             | 85             | 85                           |                     |                                   | (384)  |  |
|  | 159               | 55             | 85             | 85                           |                     | 7,781                             | (384)  | 7,781                                  |
| <b>Costs and Expenses</b>  |                   |                |                |                              |                     |                                   |  |  |
| Operating (excluding depreciation)   |                   |                |                |                              |                     | 2,759                             |  | 2,759                                  |
| Selling, general and administrative  | 67                | 55             | 85             | 85                           | 4                   | 2,181                             | (384)  | 2,093                                  |
| Depreciation   |                   |                |                |                              |                     | 1,291                             |  | 1,291                                  |
| Amortization   |                   |                |                |                              |                     | 247                               |  | 247                                    |
|  | 67                | 55             | 85             | 85                           | 4                   | 6,478                             | (384)  | 6,390                                  |
| Operating income (loss)  | 92                |                |                |                              | (4)                 | 1,303                             |  | 1,391                                  |
| <b>Other Income (Expense)</b>  |                   |                |                |                              |                     |                                   |  |  |
| Interest expense   | (284)             | (87)           | (80)           | (56)                         | (24)                | (40)                              |  | (571)                                  |
| Investment income (loss), net  | 5                 |                |                |                              | 33                  | 120                               |  | 158                                    |
| Equity in net (losses) income of<br>affiliates, net                                      | 682               | 406            | 420            | 456                          | 388                 | (50)                              | (2,314)  | (12)                                   |
| Other income (expense)   | (1)               |                |                |                              |                     |                                   |  | (1)                                    |
|  | 402               | 319            | 340            | 400                          | 397                 | 30                                | (2,314)  | (426)                                  |
| Income (loss) from continuing<br>operations before income taxes and<br>minority interest | 494               | 319            | 340            | 400                          | 393                 | 1,333                             | (2,314)  | 965                                    |
| Income tax (expense) benefit   | 66                | 31             | 28             | 20                           | (2)                 | (564)                             |  | (421)                                  |
| Income (loss) from continuing<br>operations before minority interest                     | 560               | 350            | 368            | 420                          | 391                 | 769                               | (2,314)  | 544                                    |
| Minority interest  |                   |                |                |                              |                     | 16                                |  | 16                                     |
| <b>Net Income (loss)</b>   | <b>\$ 560</b>     | <b>\$ 350</b>  | <b>\$ 368</b>  | <b>\$ 420</b>                | <b>\$ 391</b>       | <b>\$ 785</b>                     | <b>\$ (2,314)</b>                                  | <b>\$ 560</b>                          |

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COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 2007

**Comcast Corporation**  
**Condensed Consolidating Statement of Operations**  
**For the Three Months Ended September 30, 2006**

| (in millions)   | Comcast<br>Parent | CCCL<br>Parent | CCCH<br>Parent | Combined<br>CCHMO<br>Parents | Comcast<br>Holdings | Non-<br>Guarantor<br>Subsidiaries | Elimination<br>and<br>Consolidation<br>Adjustments | Consolidated<br>Comcast<br>Corporation |
|---|-------------------|----------------|----------------|------------------------------|---------------------|-----------------------------------|--|--|
| <b>Revenues</b>   |                   |                |                |                              |                     |                                   |  |  |
| Service revenues  | \$                | \$             | \$             | \$                           | \$                  | \$ 6,432                          | \$   | \$ 6,432                               |
| Management fee revenue  | 137               | 49             | 74             | 74                           | 2                   |                                   | (336)  |  |
|   | 137               | 49             | 74             | 74                           | 2                   | 6,432                             | (336)  | 6,432                                  |
| <b>Costs and Expenses</b>   |                   |                |                |                              |                     |                                   |  |  |
| Operating (excluding depreciation)  |                   |                |                |                              |                     | 2,274                             |  | 2,274                                  |
| Selling, general and administrative   | 64                | 49             | 74             | 74                           | 5                   | 1,791                             | (336)  | 1,721                                  |
| Depreciation  | 1                 |                |                |                              |                     | 962                               |  | 963                                    |
| Amortization  |                   |                |                |                              |                     | 250                               |  | 250                                    |
|   | 65                | 49             | 74             | 74                           | 5                   | 5,277                             | (336)  | 5,208                                  |
| Operating income (loss)   | 72                |                |                |                              | (3)                 | 1,155                             |  | 1,224                                  |
| <b>Other Income (Expense)</b>   |                   |                |                |                              |                     |                                   |  |  |
| Interest expense  | (210)             | (96)           | (80)           | (62)                         | (26)                | (56)                              |  | (530)                                  |
| Investment income (loss), net   |                   |                |                |                              | 49                  | 808                               |  | 857                                    |
| Equity in net (losses) income of affiliates, net                                      | 1,307             | 376            | 736            | 777                          | 337                 | (83)                              | (3,515)  | (65)                                   |
| Other income (expense)  |                   |                |                |                              |                     | 96                                |  | 96                                     |
|   | 1,097             | 280            | 656            | 715                          | 360                 | 765                               | (3,515)  | 358                                    |
| Income (loss) from continuing operations before<br>income taxes and minority interest | 1,169             | 280            | 656            | 715                          | 357                 | 1,920                             | (3,515)  | 1,582                                  |
| Income tax (expense) benefit  | 48                | 39             | 29             | 21                           | (7)                 | (740)                             |  | (610)                                  |
| Income (loss) from continuing operations before<br>minority interest                  | 1,217             | 319            | 685            | 736                          | 350                 | 1,180                             | (3,515)  | 972                                    |
| Minority interest   |                   |                |                |                              |                     | (3)                               |  | (3)                                    |
| Income from continuing operations   | 1,217             | 319            | 685            | 736                          | 350                 | 1,177                             | (3,515)  | 969                                    |
| Income from discontinued operations, net of tax                                       |                   |                |                |                              |                     | 14                                |  | 14                                     |
| Gain on discontinued operations, net of tax   |                   |                |                |                              |                     | 234                               |  | 234                                    |
| <b>Net Income (loss)</b>  | <b>\$ 1,217</b>   | <b>\$ 319</b>  | <b>\$ 685</b>  | <b>\$ 736</b>                | <b>\$ 350</b>       | <b>\$ 1,425</b>                   | <b>\$ (3,515)</b>                                  | <b>\$ 1,217</b>                        |

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COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 2007

**Comcast Corporation**  
**Condensed Consolidating Statement of Operations**  
**For the Nine Months Ended September 30, 2007**

| (in millions)   | Comcast<br>Parent | CCCL<br>Parent  | CCCH<br>Parent  | Combined<br>CCHMO<br>Parents | Comcast<br>Holdings | Non-<br>Guarantor<br>Subsidiaries | Elimination<br>and<br>Consolidation<br>Adjustments | Consolidated<br>Comcast<br>Corporation |
|---|-------------------|-----------------|-----------------|------------------------------|---------------------|-----------------------------------|--|--|
| <b>Revenues</b>   |                   |                 |                 |                              |                     |                                   |  |  |
| Service revenues  | \$                | \$              | \$              | \$                           | \$                  | \$ 22,881                         | \$   | \$ 22,881                              |
| Management fee revenue  | 467               | 160             | 248             | 248                          |                     |                                   | (1,123)  |  |
|   | 467               | 160             | 248             | 248                          |                     | 22,881                            | (1,123)  | 22,881                                 |
| <b>Costs and Expenses</b>   |                   |                 |                 |                              |                     |                                   |  |  |
| Operating (excluding depreciation)  |                   |                 |                 |                              |                     | 8,272                             |  | 8,272                                  |
| Selling, general and administrative   | 212               | 160             | 248             | 248                          | 13                  | 6,147                             | (1,123)  | 5,905                                  |
| Depreciation  | 3                 |                 |                 |                              |                     | 3,765                             |  | 3,768                                  |
| Amortization  |                   |                 |                 |                              |                     | 816                               |  | 816                                    |
|   | 215               | 160             | 248             | 248                          | 13                  | 19,000                            | (1,123)  | 18,761                                 |
| Operating income (loss)   | 252               |                 |                 |                              | (13)                | 3,881                             |  | 4,120                                  |
| <b>Other Income (Expense)</b>   |                   |                 |                 |                              |                     |                                   |  |  |
| Interest expense  | (795)             | (276)           | (241)           | (178)                        | (71)                | (128)                             |  | (1,689)                                |
| Investment income (loss), net   | 7                 |                 | 5               |                              | (14)                | 460                               |  | 458                                    |
| Equity in net (losses) income of affiliates,<br>net                                   | 2,333             | 1,261           | 1,631           | 1,747                        | 1,137               | (103)                             | (8,055)  | (49)                                   |
| Other income (expense)  | 1                 |                 |                 |                              |                     | 512                               |  | 513                                    |
|   | 1,546             | 985             | 1,395           | 1,569                        | 1,052               | 741                               | (8,055)  | (767)                                  |
| Income (loss) from continuing operations<br>before income taxes and minority interest | 1,798             | 985             | 1,395           | 1,569                        | 1,039               | 4,622                             | (8,055)  | 3,353                                  |
| Income tax (expense) benefit  | 187               | 98              | 84              | 62                           | 34                  | (1,865)                           |  | (1,400)                                |
| Income (loss) from continuing operations<br>before minority interest                  | 1,985             | 1,083           | 1,479           | 1,631                        | 1,073               | 2,757                             | (8,055)  | 1,953                                  |
| Minority interest   |                   |                 |                 |                              |                     | 32                                |  | 32                                     |
| <b>Net Income (loss)</b>  | <b>\$ 1,985</b>   | <b>\$ 1,083</b> | <b>\$ 1,479</b> | <b>\$ 1,631</b>              | <b>\$ 1,073</b>     | <b>\$ 2,789</b>                   | <b>\$ (8,055)</b>                                  | <b>\$ 1,985</b>                        |

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COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 2007

**Comcast Corporation**  
**Condensed Consolidating Statement of Operations**  
**For the Nine Months Ended September 30, 2006**

| (in millions)  | Comcast<br>Parent | CCCL<br>Parent | CCCH<br>Parent  | Combined<br>CCHMO<br>Parents | Comcast<br>Holdings | Non-<br>Guarantor<br>Subsidiaries | Elimination<br>and<br>Consolidation<br>Adjustments | Consolidated<br>Comcast<br>Corporation |
|--|-------------------|----------------|-----------------|------------------------------|---------------------|-----------------------------------|--|--|
| <b>Revenues</b>  |                   |                |                 |                              |                     |                                   |  |  |
| Service revenues   | \$                | \$             | \$              | \$                           | \$                  | \$ 17,935                         | \$   | \$ 17,935                              |
| Management fee revenue   | 383               | 142            | 224             | 224                          | 6                   |                                   | (979)  |  |
|  | 383               | 142            | 224             | 224                          | 6                   | 17,935                            | (979)  | 17,935                                 |
| <b>Costs and Expenses</b>  |                   |                |                 |                              |                     |                                   |  |  |
| Operating (excluding depreciation)   |                   |                |                 |                              |                     | 6,477                             |  | 6,477                                  |
| Selling, general and administrative  | 189               | 142            | 224             | 224                          | 12                  | 4,798                             | (979)  | 4,610                                  |
| Depreciation   | 6                 |                |                 |                              | 2                   | 2,740                             |  | 2,748                                  |
| Amortization   |                   |                |                 |                              | 4                   | 695                               |  | 699                                    |
|  | 195               | 142            | 224             | 224                          | 18                  | 14,710                            | (979)  | 14,534                                 |
| Operating income (loss)  | 188               |                |                 |                              | (12)                | 3,225                             |  | 3,401                                  |
| <b>Other Income (Expense)</b>  |                   |                |                 |                              |                     |                                   |  |  |
| Interest expense   | (532)             | (303)          | (244)           | (198)                        | (72)                | (153)                             |  | (1,502)                                |
| Investment income (loss), net  |                   |                |                 |                              | 74                  | 861                               |  | 935                                    |
| Equity in net (losses) income of affiliates, net                                   | 2,367             | 1,159          | 1,470           | 1,599                        | 967                 | (86)                              | (7,562)  | (86)                                   |
| Other income (expense)   |                   |                |                 |                              |                     | 194                               |  | 194                                    |
|  | 1,835             | 856            | 1,226           | 1,401                        | 969                 | 816                               | (7,562)  | (459)                                  |
| Income (loss) from continuing operations before income taxes and minority interest | 2,023             | 856            | 1,226           | 1,401                        | 957                 | 4,041                             | (7,562)  | 2,942                                  |
| Income tax (expense) benefit   | 120               | 111            | 86              | 69                           | 4                   | (1,516)                           |  | (1,126)                                |
| Income (loss) from continuing operations before minority interest                  | 2,143             | 967            | 1,312           | 1,470                        | 961                 | 2,525                             | (7,562)  | 1,816                                  |
| Minority interest  |                   |                |                 |                              |                     | (10)                              |  | (10)                                   |
| Income from continuing operations  | 2,143             | 967            | 1,312           | 1,470                        | 961                 | 2,515                             | (7,562)  | 1,806                                  |
| Income from discontinued operations, net of tax                                    |                   |                |                 |                              |                     | 103                               |  | 103                                    |
| Gain on discontinued operations, net of tax  |                   |                |                 |                              |                     | 234                               |  | 234                                    |
| <b>Net Income (loss)</b>   | <b>\$ 2,143</b>   | <b>\$ 967</b>  | <b>\$ 1,312</b> | <b>\$ 1,470</b>              | <b>\$ 961</b>       | <b>\$ 2,852</b>                   | <b>\$ (7,562)</b>                                  | <b>\$ 2,143</b>                        |

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COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 2007

**Comcast Corporation**  
**Condensed Consolidating Statement of Cash Flows**  
**For the Nine Months Ended September 30, 2007**

| (in millions)  | Comcast<br>Parent | CCCL<br>Parent | CCCH<br>Parent | Combined<br>CCHMO<br>Parents | Comcast<br>Holdings | Non-<br>Guarantor<br>Subsidiaries | Elimination<br>and<br>Consolidation<br>Adjustments | Consolidated<br>Comcast<br>Corporation |
|--|-------------------|----------------|----------------|------------------------------|---------------------|-----------------------------------|--|--|
| <b>Operating Activities</b>                                    |                   |                |                |                              |                     |                                   |  |  |
| Net cash provided by (used in) operating activities            | \$ (430)          | \$ (211)       | \$ (172)       | \$ (198)                     | \$ 6                | \$ 7,113                          | \$   | \$ 6,108                               |
| <b>Financing Activities</b>                                    |                   |                |                |                              |                     |                                   |  |  |
| Proceeds from borrowings                                       | 3,595             |                |                |                              |                     | 15                                |  | 3,610                                  |
| Retirements and repayments of debt                             | (200)             | (600)          |                | (226)                        |                     | (503)                             |  | (1,529)                                |
| Repurchases of common stock                                    | (1,852)           |                |                |                              |                     |                                   |  | (1,852)                                |
| Issuances of common stock                                      | 404               |                |                |                              |                     |                                   |  | 404                                    |
| Other  | 6                 |                |                | (8)                          |                     | 53                                |  | 51                                     |
| Net cash provided by (used in) financing activities            | 1,953             | (600)          |                | (234)                        |                     | (435)                             |  | 684                                    |
| <b>Investing Activities</b>                                    |                   |                |                |                              |                     |                                   |  |  |
| Net transactions with affiliates                               | (1,572)           | 811            | 172            | 432                          | (6)                 | 163                               |  |  |
| Capital expenditures   | (28)              |                |                |                              |                     | (4,556)                           |  | (4,584)                                |
| Cash paid for intangible assets                                |                   |                |                |                              |                     | (313)                             |  | (313)                                  |
| Acquisitions, net of cash acquired                             |                   |                |                |                              |                     | (1,277)                           |  | (1,277)                                |
| Proceeds from sales of investments                             |                   |                |                |                              |                     | 1,123                             |  | 1,123                                  |
| Purchases of investments                                       |                   |                |                |                              |                     | (129)                             |  | (129)                                  |
| Proceeds from sales (purchases) of short-term investments, net |                   |                |                |                              |                     | 52                                |  | 52                                     |
| Other  |                   |                |                |                              |                     | 46                                |  | 46                                     |
| Net cash provided by (used in) investing activities            | (1,600)           | 811            | 172            | 432                          | (6)                 | (4,891)                           |  | (5,082)                                |
| Increase (decrease) in cash and cash equivalents               | (77)              |                |                |                              |                     | 1,787                             |  | 1,710                                  |
| Cash and cash equivalents, beginning of period                 | 77                |                |                |                              |                     | 1,162                             |  | 1,239                                  |
| <b>Cash and cash equivalents, end of period</b>                | <b>\$</b>         | <b>\$</b>      | <b>\$</b>      | <b>\$</b>                    | <b>\$</b>           | <b>\$ 2,949</b>                   | <b>\$</b>  | <b>\$ 2,949</b>                        |

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COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 2007

**Comcast Corporation**  
**Condensed Consolidating Statement of Cash Flows**  
**For the Nine Months Ended September 30, 2006**

| (in millions)  | Comcast<br>Parent | CCCL<br>Parent | CCCH<br>Parent | Combined<br>CCHMO<br>Parents | Comcast<br>Holdings | Non-<br>Guarantor<br>Subsidiaries | Elimination<br>and<br>Consolidation<br>Adjustments | Consolidated<br>Comcast<br>Corporation |
|--|-------------------|----------------|----------------|------------------------------|---------------------|-----------------------------------|--|--|
| <b>Operating Activities</b>                                    |                   |                |                |                              |                     |                                   |  |  |
| Net cash provided by (used in) operating activities            | \$ 95             | \$ (168)       | \$ (196)       | \$ (234)                     | \$ 47               | \$ 5,671                          | \$   | \$ 5,215                               |
| <b>Financing Activities</b>                                    |                   |                |                |                              |                     |                                   |  |  |
| Proceeds from borrowings                                       | 5,960             |                |                |                              |                     | 10                                |  | 5,970                                  |
| Retirements and repayments of debt                             | (550)             | (619)          |                | (988)                        | (27)                | (38)                              |  | (2,222)                                |
| Repurchases of common stock                                    | (1,882)           |                |                |                              |                     |                                   |  | (1,882)                                |
| Issuances of common stock                                      | 133               |                |                |                              |                     |                                   |  | 133                                    |
| Other  | 7                 |                |                |                              |                     |                                   |  | 7                                      |
| Net cash provided by (used in) financing activities            | 3,668             | (619)          |                | (988)                        | (27)                | (28)                              |  | 2,006                                  |
| <b>Investing Activities</b>                                    |                   |                |                |                              |                     |                                   |  |  |
| Net transactions with affiliates                               | (3,800)           | 787            | 196            | 1,222                        | (9)                 | 1,604                             |  |  |
| Capital expenditures   | (5)               |                |                |                              |                     | (3,046)                           |  | (3,051)                                |
| Cash paid for intangible assets                                |                   |                |                |                              |                     | (227)                             |  | (227)                                  |
| Acquisitions, net of cash acquired                             |                   |                |                |                              |                     | (3,839)                           |  | (3,839)                                |
| Proceeds from sales of investments                             | 47                |                |                |                              | 10                  | 2,462                             |  | 2,519                                  |
| Purchases of investments                                       |                   |                |                |                              |                     | (471)                             |  | (471)                                  |
| Proceeds from sales (purchases) of short-term investments, net |                   |                |                |                              |                     | 15                                |  | 15                                     |
| Other  |                   |                |                |                              |                     | (3)                               |  | (3)                                    |
| Net cash provided by (used in) investing activities            | (3,758)           | 787            | 196            | 1,222                        | 1                   | (3,505)                           |  | (5,057)                                |
| Increase (decrease) in cash and cash equivalents               | 5                 |                |                |                              | 21                  | 2,138                             |  | 2,164                                  |
| Cash and cash equivalents, beginning of period                 |                   |                |                |                              |                     | 947                               |  | 947                                    |
| <b>Cash and cash equivalents, end of period</b>                | <b>\$ 5</b>       | <b>\$</b>      | <b>\$</b>      | <b>\$</b>                    | <b>\$ 21</b>        | <b>\$ 3,085</b>                   | <b>\$</b>  | <b>\$ 3,111</b>                        |

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COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 2007

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

**Overview**

We are the largest cable operator in the United States and offer a variety of consumer entertainment and communications products and services. As of September 30, 2007, our cable systems served approximately 24.2 million video subscribers, 12.9 million high-speed Internet subscribers and 4.1 million phone subscribers and passed approximately 48.3 million homes in 39 states and the District of Columbia. We classify our operations in two reportable segments: Cable and Programming. Our Cable segment manages and operates our cable systems, including video, high-speed Internet and phone services (cable services). The majority of our Cable segment revenue is earned from monthly subscriptions for these cable services. Other revenue sources include advertising and the operation of our regional sports and news networks. The Cable segment generates approximately 95% of our consolidated revenues. Our Programming segment consists of our six national programming networks, E!, Style, The Golf Channel, VERSUS, G4, and AZN Television, and other entertainment-related businesses. Revenue from our Programming segment is earned primarily from advertising revenues and from monthly per subscriber license fees paid by cable and satellite distributors.

The comparability of our results of operations for the three and nine months ended September 30, 2007 is impacted by the dissolution of the Texas and Kansas City Cable Partnership (TKCCP) in January 2007 and the Adelphia and Time Warner transactions in July 2006. The TKCCP dissolution resulted in the acquisition of a cable system serving approximately 700,000 video subscribers in Houston, Texas and a significant nonoperating gain recognized in connection with the divestiture of our portion of the partnership's investment in cable systems serving Kansas City, south and west Texas, and New Mexico. The Adelphia and Time Warner transactions resulted in the acquisition of cable systems serving approximately 2.8 million video subscribers, significant nonoperating gains and the disposition of our previously owned cable systems located in Los Angeles, Cleveland and Dallas, which are presented as discontinued operations in 2006. Other highlights and business developments for the nine months ended September 30, 2007 include the following:

consolidated revenue growth of 27.6% and consolidated operating income growth of 21.1%, both driven by results in our Cable segment

Cable segment revenue growth of 26.6% and growth in operating income before depreciation and amortization of 27.0%, both driven by growth from acquisitions, as well as growth in revenue generating units (RGUs) and the success of our triple play offering

repurchase of approximately 70 million shares of our Class A Special common stock pursuant to our Board-authorized share repurchase program for approximately \$1.85 billion; in October 2007 the Board of Directors authorized a \$7 billion addition to the existing share repurchase program

acquisitions of (i) Fandango, an online entertainment site and movie-ticket service, which closed in April 2007, (ii) Rainbow Media Holdings LLC's 60% interest in Bay Area SportsNet and its 50% interest in Sports Channel New England, expanding our regional sports networks, which closed in June 2007, (iii) the cable system of Patriot Media serving subscribers in central New Jersey, which closed in August 2007 (refer to Note 4 to our consolidated financial statements for information about acquisitions and other significant events)



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agreement to divide the assets and liabilities of the Insight Midwest partnership that, upon closing of the transaction, will result in our 100% ownership of cable systems serving subscribers in Illinois and Indiana; this transaction is subject to closing conditions, including government and other approvals, and is expected to close on or about January 1, 2008

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## COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 2007

The discussion below provides further details of these highlights and insights into our consolidated financial statements.

**Consolidated Operating Results**

|   | Three Months Ended |                 | Increase /<br>(Decrease) | Nine Months Ended |                 | Increase /<br>(Decrease) |
|---|--------------------|-----------------|--------------------------|-------------------|-----------------|--------------------------|
|   | September 30,      |                 |                          | September 30,     |                 |                          |
| (in millions)   | 2007               | 2006            |                          | 2007              | 2006            |                          |
| <b>Revenues</b>   | \$ 7,781           | \$ 6,432        | 21.0%                    | \$ 22,881         | \$ 17,935       | 27.6%                    |
| Costs and expenses  |                    |                 |                          |                   |                 |                          |
| Operating, selling, general and administrative (excluding depreciation)     | 4,852              | 3,995           | 21.4                     | 14,177            | 11,087          | 27.9                     |
| Depreciation  | 1,291              | 963             | 34.0                     | 3,768             | 2,748           | 37.1                     |
| Amortization  | 247                | 250             | (0.6)                    | 816               | 699             | 16.8                     |
| <b>Operating income</b>   | 1,391              | 1,224           | 13.6                     | 4,120             | 3,401           | 21.1                     |
| Other income (expense) items, net   | (426)              | 358             | n/m                      | (767)             | (459)           | 67.3                     |
| Income from continuing operations before income taxes and minority interest | 965                | 1,582           | (39.0)                   | 3,353             | 2,942           | 14.0                     |
| Income tax expense  | (421)              | (610)           | (30.9)                   | (1,400)           | (1,126)         | 24.4                     |
| Income from continuing operations before minority interest                  | 544                | 972             | (44.1)                   | 1,953             | 1,816           | 7.5                      |
| Minority interest   | 16                 | (3)             | n/m                      | 32                | (10)            | n/m                      |
| <b>Income from continuing operations</b>                                    | <b>560</b>         | <b>969</b>      | <b>(42.3)</b>            | <b>1,985</b>      | <b>1,806</b>    | <b>9.9</b>               |
| Income from discontinued operations, net of tax                             |                    | 14              | n/m                      |                   | 103             | n/m                      |
| Gain (loss) on discontinued operations                                      |                    | 234             | n/m                      |                   | 234             | n/m                      |
| <b>Net income</b>   | <b>\$ 560</b>      | <b>\$ 1,217</b> | <b>(54.0)%</b>           | <b>\$ 1,985</b>   | <b>\$ 2,143</b> | <b>(7.4)%</b>            |

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

**Consolidated Revenues**

Our Cable and Programming segments accounted for substantially all of the increases in consolidated revenues for the three and nine months ended September 30, 2007 compared to the same periods in 2006. Cable segment and Programming segment revenues are discussed separately below in Segment Operating Results. The remaining changes relate to our other business activities, primarily Comcast Spectacor and growth in Comcast Interactive Media.

**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 the three and nine months ended September 30, 2007 compared to the same periods in 2006. Cable segment and Programming segment operating, selling, general and administrative expenses are discussed separately below in Segment Operating Results. The remaining increases relate to our other business activities, including expanding our Comcast Interactive Media business, the

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COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 2007

settlement of litigation in October 2007 (see Note 11), and player contract termination costs at Comcast Spectacor in January 2007.

**Consolidated Depreciation and Amortization**

The increases in depreciation expense for the three and nine months ended September 30, 2007 compared to the same periods in 2006 are primarily a result of the effects of capital expenditures and the depreciation associated with our newly acquired cable systems.

The increase in amortization expense for the nine months ended September 30, 2007 compared to the same period in 2006 is primarily a result of the increase in the amortization expense of our franchise-related customer relationship intangible assets associated with our newly acquired cable systems.

**Segment Operating Results**

Certain adjustments have been made to our 2006 segment presentation to conform to our 2007 management reporting presentation. See Note 12 to our consolidated financial statements for further discussion of these adjustments.

To measure the performance of our operating segments, we use operating income before depreciation and amortization, excluding impairment charges 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 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 12). You should not consider this measure a substitute for operating income (loss), net income (loss), net cash provided by operating activities, or other measures of performance or liquidity we have reported in accordance with GAAP.

**Cable Segment Operating Results**

The comparability of the results of operations of our Cable segment is impacted by the acquisition of the cable system serving Houston, Texas in January 2007, the Adelphia and Time Warner transactions in July 2006, and other smaller cable acquisitions. For segment reporting purposes we have included the operating results of the Houston cable system beginning August 1, 2006. We collectively refer to the cable systems acquired in these transactions as the newly acquired cable systems. The newly acquired cable systems accounted for approximately \$415 million and \$2.5 billion of increased revenues for the three and nine months ended September 30, 2007, respectively.

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## COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 2007

The tables below present our Cable segment operating results:

| (in millions)  | Three Months Ended |                    | Increase/(Decrease) |              |
|--|--------------------|--------------------|---------------------|--------------|
|  | September 30, 2007 | September 30, 2006 | \$                  | %            |
| Video  | \$ 4,395           | \$ 3,946           | \$ 449              | 11.4%        |
| High-speed Internet  | 1,624              | 1,315              | 309                 | 23.5         |
| Phone  | 470                | 246                | 224                 | 91.3         |
| Advertising  | 407                | 365                | 42                  | 11.0         |
| Other  | 296                | 238                | 58                  | 24.6         |
| Franchise fees   | 208                | 188                | 20                  | 10.6         |
| Revenues   | 7,400              | 6,298              | 1,102               | 17.5         |
| Operating expenses   | 2,615              | 2,229              | 386                 | 17.3         |
| Selling, general and administrative expenses                 | 1,810              | 1,571              | 239                 | 15.3         |
| <b>Operating income before depreciation and amortization</b> | <b>\$ 2,975</b>    | <b>\$ 2,498</b>    | <b>\$ 477</b>       | <b>19.1%</b> |

| (in millions)  | Nine Months Ended  |                    | Increase/(Decrease) |              |
|--|--------------------|--------------------|---------------------|--------------|
|  | September 30, 2007 | September 30, 2006 | \$                  | %            |
| Video  | \$ 13,222          | \$ 10,857          | \$ 2,365            | 21.8%        |
| High-speed Internet  | 4,740              | 3,507              | 1,233               | 35.2         |
| Phone  | 1,243              | 609                | 634                 | 104.1        |
| Advertising  | 1,119              | 992                | 127                 | 12.4         |
| Other  | 788                | 677                | 111                 | 16.9         |
| Franchise fees   | 616                | 524                | 92                  | 17.7         |
| Revenues   | 21,728             | 17,166             | 4,562               | 26.6         |
| Operating expenses   | 7,741              | 6,097              | 1,644               | 27.0         |
| Selling, general and administrative expenses                 | 5,188              | 4,139              | 1,049               | 25.4         |
| <b>Operating income before depreciation and amortization</b> | <b>\$ 8,799</b>    | <b>\$ 6,930</b>    | <b>\$ 1,869</b>     | <b>27.0%</b> |

**Cable Segment Revenues**

**Video** Our video revenues continue to grow due to rate increases, subscriber growth in our digital cable services, including the demand for digital features such as ON DEMAND, DVR and HDTV, and the addition of our newly acquired systems. During the nine months ended September 30, 2007, we added approximately 2.0 million digital cable subscribers, while the number of basic subscribers remained relatively unchanged. Our newly acquired cable systems contributed approximately \$235 million and \$1.6 billion to our video revenue growth for the three and nine months ended September 30, 2007, respectively. As of September 30, 2007, approximately 61% of our 24.2 million video subscribers subscribed to at least one of our digital cable services. In addition, our average monthly video revenue per video subscriber increased to \$60.92 during the nine months ended September 30, 2007. We expect that the rate of subscriber and revenue growth will continue to slow as the market continues to mature and competition increases.

**High-Speed Internet** The increases in high-speed Internet revenue for the three and nine months ended September 30, 2007 compared to the same periods in 2006 reflect an increase in subscribers and the addition of our newly acquired cable systems. During the nine months ended September 30, 2007, we added approximately 1.3 million high-speed Internet subscribers. Our newly acquired systems contributed approximately \$95 million and \$533 million to our high-speed Internet revenue growth for the three and nine months ended September 30, 2007, respectively. Average monthly revenue per subscriber has remained relatively stable. We expect that the rate of subscriber and revenue growth will continue to slow as the market continues to mature and competition increases.



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COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 2007

**Phone** We offer two phone services, Comcast Digital Voice, our IP-enabled phone service, and our circuit-switched local phone service. Revenues increased as a result of subscriber growth in our Comcast Digital Voice service, partially offset by the loss of circuit-switched subscribers. During the nine months ended September 30, 2007, we added approximately 1.9 million Comcast Digital Voice subscribers. Our newly acquired systems contributed approximately \$20 million and \$73 million to our phone revenue growth for the three and nine months ended September 30, 2007, respectively. We expect the number of phone subscribers will grow as we continue to expand Comcast Digital Voice into new markets. We expect the number of subscribers to our circuit-switched local phone service will continue to decrease as our marketing efforts are now focused on Comcast Digital Voice.

**Advertising** The increases in advertising revenue for the three and nine months ended September 30, 2007 compared to the same periods in 2006 are primarily due to the addition of our newly acquired cable systems. Absent the growth from the newly acquired systems, advertising revenue grew slightly, reflecting continued weakness across the television advertising market and a decline in political advertising.

**Other** We also generate revenues from our regional sports and news networks, video installation services, commissions from third-party electronic retailing and fees for other services, such as providing businesses with data connectivity and networked applications. The increases in other revenue for the three and nine months ended September 30, 2007 compared to the same periods in 2006 are primarily a result of the regional sports network acquisitions of Bay Area SportsNet and Sports Channel New England.

**Franchise Fees** The increases in franchise fees collected from our cable subscribers for the three and nine months ended September 30, 2007 compared to the same periods in 2006 are primarily a result of the increases in our revenues upon which the fees apply.

***Cable Segment Operating Expenses***

Operating expenses increased primarily as a result of growth in the number of subscribers to our cable services and the addition of our newly acquired cable systems. For the three and nine months ended September 30, 2007, our newly acquired cable systems contributed approximately \$145 million and \$900 million, respectively, to our increases in Cable segment operating expenses. The remaining increases were primarily a result of costs associated with the delivery of these services and additional personnel to handle service calls and provide customer support.

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

Selling, general and administrative expenses increased primarily as a result of growth in the number of subscribers to our cable services and the addition of our newly acquired systems. For the three and nine months ended September 30, 2007, our newly acquired cable systems contributed approximately \$80 million and \$560 million, respectively, to our increases in Cable segment selling, general and administrative expenses. The remaining increases were primarily a result of additional employees needed to provide customer and other administrative services, as well as additional marketing costs associated with attracting new subscribers.

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## COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 2007

**Programming Segment Operating Results**

The tables below present our Programming segment operating results:

| (in millions)  | Three Months Ended<br>September 30, |              | Increase/(Decrease) |              |
|--|-------------------------------------|--------------|---------------------|--------------|
|  | 2007                                | 2006         | \$                  | %            |
| Revenues   | \$ 330                              | \$ 259       | \$ 71               | 27.2%        |
| Operating, selling, general and administrative expenses      | 233                                 | 172          | 61                  | 35.6         |
| <b>Operating income before depreciation and amortization</b> | <b>\$ 97</b>                        | <b>\$ 87</b> | <b>\$ 10</b>        | <b>10.7%</b> |

| (in millions)  | Nine Months Ended<br>September 30, |               | Increase/(Decrease) |              |
|--|------------------------------------|---------------|---------------------|--------------|
|  | 2007                               | 2006          | \$                  | %            |
| Revenues   | \$ 966                             | \$ 771        | \$ 195              | 25.3%        |
| Operating, selling, general and administrative expenses      | 729                                | 575           | 154                 | 26.9         |
| <b>Operating income before depreciation and amortization</b> | <b>\$ 237</b>                      | <b>\$ 196</b> | <b>\$ 41</b>        | <b>20.4%</b> |

**Programming Segment Revenues**

The increases in revenues for the three and nine months ended September 30, 2007 compared to the same periods in 2006 are primarily a result of increases in advertising and license fee revenues. For the three and nine months ended September 30, 2007, approximately 11% and 13%, respectively, of our Programming segment revenues were generated from our Cable segment. For the three and nine months ended September 30, 2006, approximately 12% and 11%, respectively, of our Programming segment revenues were 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**

The increases in expenses for the three and nine months ended September 30, 2007 compared to the same periods in 2006 are primarily a result of an increase in the production of and programming rights costs for new and live-event programming for our programming networks, including the PGA TOUR on The Golf Channel.

**Consolidated Other Income (Expense) Items**

| (in millions)                                    | Three Months Ended<br>September 30, |               | Nine Months Ended<br>September 30, |                 |
|--|-------------------------------------|---------------|------------------------------------|-----------------|
|  | 2007                                | 2006          | 2007                               | 2006            |
| Interest expense                                 | \$ (571)                            | \$ (530)      | \$ (1,689)                         | \$ (1,502)      |
| Investment income (loss), net                    | 158                                 | 857           | 458                                | 935             |
| Equity in net (losses) income of affiliates, net | (12)                                | (65)          | (49)                               | (86)            |
| Other income (expense)                           | (1)                                 | 96            | 513                                | 194             |
| <b>Total</b>                                     | <b>\$ (426)</b>                     | <b>\$ 358</b> | <b>\$ (767)</b>                    | <b>\$ (459)</b> |

**Interest Expense**

The increases in interest expense for the three and nine months ended September 30, 2007 compared to the same periods in 2006 are primarily the result of an increase in our average debt outstanding.





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COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 2007

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

The components of investment income (loss), net for the three and nine months ended September 30, 2007 and 2006 are presented in a table in Note 5 to our consolidated financial statements.

***Other Income (Expense)***

Other income for the nine months ended September 30, 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 TKCCP transaction. Other income for the nine months ended September 30, 2006, consists primarily of \$154 million of gains on the sales of investment assets and a \$35 million gain on the sale of one of our equity method investments.

**Income Tax Expense**

Income tax expense for the three and nine months ended September 30, 2007 reflects an income tax rate higher than the federal statutory rate primarily as a result of state income taxes and interest on uncertain tax positions. New tax legislation was enacted in the state of Michigan in July 2007 that required us to record additional deferred state income tax expense and liabilities related to differences between our recorded book and tax bases, primarily related to our acquired indefinite-lived intangible assets. This legislation was amended in September 2007, which allowed us to record an equivalent deferred tax asset. As a result, the Michigan legislation did not impact our tax expense during the period. We expect our 2007 annual effective tax rate to be in the range of 40% to 45%. Income tax expense for the three and nine months ended September 30, 2006 reflects an income tax rate higher than the federal statutory rate primarily due to state income taxes and adjustments to prior year accruals, including related interest.

**Discontinued Operations**

The operating results of our previously owned cable systems located in Los Angeles, Dallas and Cleveland, reported as discontinued operations for the three and nine months ended September 30, 2006, include one month and seven months of operations, respectively, as the closing date of the transaction was July 31, 2006. As a result of the transaction, we recognized a gain on the sale of these systems of \$234 million, net of tax of \$563 million.

**Liquidity and Capital Resources**

Our businesses generate significant cash flow from operating activities. The proceeds from monetizing our nonstrategic investments have also provided us with a significant source of cash flow. 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; through available borrowings under our existing credit facilities; and through our ability to obtain future external financing. We anticipate continuing to use a substantial portion of our cash flow to fund our capital expenditures, invest in business opportunities and repurchase our stock.

**Operating Activities**

Net cash provided by operating activities was \$6.1 billion for the nine months ended September 30, 2007, reflecting an increase of approximately \$900 million compared to the same period in 2006. The \$6.1 billion is the result of operating income before depreciation and amortization of \$8.7 billion and proceeds from the sale of trading securities of \$603 million, reduced by interest and income tax payments of \$3.1 billion. The remaining amount relates primarily to noncash changes in operating accounts based on accrual accounting and noncash expenses, such as share-based compensation.

Proceeds from the sale of trading securities are presented within cash provided by operating activities in accordance with generally accepted accounting principles. These amounts are not related to operations but result from the sales of investments. During the nine months ended September 30, 2007, we made cash payments for interest totaling \$1.7 billion and cash payments for income taxes totaling \$1.4 billion. Our tax

payments include \$376 million related to the settlement of federal tax audits.

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COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 2007

**Financing Activities**

Net cash provided by financing activities was \$684 million for the nine months ended September 30, 2007 and consisted primarily of cash proceeds received from borrowings of \$3.6 billion and the issuance of shares, primarily under our share-based compensation plans, of \$404 million. These cash inflows were partially offset by our debt repayments of \$1.5 billion and repurchases of approximately 70 million shares of our Class A Special common stock for \$1.85 billion (recognized on a settlement date or cash basis).

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.

***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, 2007, amounts available under these facilities totaled approximately \$4.7 billion.

***Share Repurchase Program***

As of September 30, 2007, the maximum dollar value of shares that may be repurchased under our Board-authorized share repurchase program is approximately \$1.2 billion. We expect such repurchases to continue from time to time in the open market or in private transactions, subject to market conditions. In October 2007, the Board of Directors authorized a \$7 billion addition to the existing share repurchase program, increasing the maximum dollar value of shares available to approximately \$8.2 billion.

See Note 7 to our consolidated financial statements for further discussion of our financing activities.

**Investing Activities**

Net cash used in investing activities was \$5.1 billion for the nine months ended September 30, 2007 and consisted primarily of capital expenditures of \$4.6 billion, cash paid for intangible assets of \$313 million and acquisitions of \$1.3 billion. These cash outflows were partially offset by proceeds received from the sale of investments of \$1.1 billion.

Our most significant recurring investing activity has been capital expenditures and we expect that this will continue in the future.

**Cash and Cash Equivalents**

Our available cash and cash equivalents have increased to \$2.9 billion as of September 30, 2007 from \$1.2 billion as of December 31, 2006. We anticipate using a portion of this amount to retire the debt allocated to us in the Insight transaction (see Note 5).

**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, revenues and expenses, and 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 and legal contingencies are critical in the preparation of our financial statements.



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COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 2007

We evaluate the unit of account used to test for impairment of our cable franchise rights periodically to ensure testing is performed at an appropriate level. Prior to 2007, we used our cable regions as the unit of account. Frequent reorganizations of our regions and further management centralization of our cable operations led us to conclude that our cable divisions are more reflective of how we manage and operate the assets and, therefore, are the appropriate unit of account. Consequently, effective April 1, 2007 (our annual impairment testing date), we changed the unit of account to cable divisions from cable regions. We tested for impairment at the region level prior to combining our 29 regions into 5 divisions to confirm that no impairment existed prior to the change.

For a full discussion of our accounting judgments and estimates that we have identified as critical in the preparation of our consolidated financial statements, please refer to our 2006 Form 10-K.

**ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

There have been no significant changes to the information required under this item from what was disclosed in our 2006 Form 10-K.

**ITEM 4: CONTROLS AND PROCEDURES**

*Conclusions regarding disclosure controls and procedures*

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

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QUARTER ENDED SEPTEMBER 30, 2007

**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 2006 Form 10-K.

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

A summary of our repurchases during the three months ended September 30, 2007, under our Board-authorized share repurchase program, on a trade-date basis, is presented in the table below. In October 2007, the Board of Directors authorized a \$7 billion addition to the existing share repurchase program, increasing the maximum dollar value of shares available for repurchase under the program to approximately \$8.2 billion.

**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 Dollars Purchased Under the Program | Maximum Dollar Value of Shares that May Yet Be Purchased Under the Program(a) |
|----------------------|----------------------------------|-------------------------|--|---|---|
| July 1-31, 2007      | 9,667,599                        | \$ 27.61                | 9,667,599  | \$ 266,899,837                            | \$ 1,489,233,171  |
| August 1-31, 2007    | 9,224,032                        | \$ 25.22                | 9,224,032  | 232,600,860                               | \$ 1,256,632,311  |
| September 1-30, 2007 | 4,044,032                        | \$ 24.85                | 4,044,032  | 100,499,296                               | \$ 1,156,133,015  |
| <b>Total</b>         | <b>22,935,663</b>                | <b>\$ 26.16</b>         | <b>22,935,663</b>  | <b>\$ 599,999,993</b>                     | <b>\$ 1,156,133,015</b>   |

(a) In 2006, the Board of Directors authorized a \$5 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. As of September 30, 2007, the maximum dollar value of shares that is available under our Board-authorized share repurchase program was approximately \$1.2 billion. The share repurchase program does not have an expiration date.

**ITEM 6: EXHIBITS**

(a) Exhibits required to be filed by Item 601 of Regulation S-K:

|    |  |
|----|--|
| 31 | Certifications of Chief Executive Officer and Co-Chief Financial Officers pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32 | Certifications of Chief Executive Officer and Co-Chief Financial Officers pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |



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**SIGNATURES**

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

COMCAST CORPORATION

/s/ LAWRENCE J. SALVA  
Lawrence J. Salva

Senior Vice President, Chief Accounting Officer  
and Controller

(Principal Accounting Officer)

Date: October 26, 2007