

COMCAST CORP  
Form 10-Q  
July 30, 2008  
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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 June 30, 2008**

**OR**

☐ **Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the Transition Period from**  
**to .**  
**Commission File Number 001-32871**

**COMCAST CORPORATION**

(Exact name of registrant as specified in its charter)

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

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

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

**19103-2838**  
(Zip Code)

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

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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 ☐

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 June 30, 2008, there were 2,058,872,104 shares of our Class A Common Stock, 849,856,706 shares of our Class A Special Common Stock and 9,444,375 shares of our Class B Common Stock outstanding.

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This Quarterly Report on Form 10-Q is for the three and six months ended June 30, 2008. 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, believes, estimates, potential, or continue, or the negative of those words, and other comparables. 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. We undertake no obligation to update any forward-looking statements.

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

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

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

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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 additional costs and restrictions

weakening economic conditions may reduce subscriber spending on video, Internet and phone services and may reduce our rate of growth of subscriber additions

we face risks arising from the outcome of various litigation matters

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

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

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

|  | June 30,<br>2008  | December 31,<br>2007 |
|--|-------------------|----------------------|
| (in millions, except share data)   |                   |                      |
| <b>ASSETS</b>  |                   |                      |
| Current Assets:  |                   |                      |
| Cash and cash equivalents  | \$ 1,767          | \$ 963               |
| Investments  | 295               | 98                   |
| Accounts receivable, less allowance for doubtful accounts of \$183 and \$181   | 1,665             | 1,645                |
| Other current assets   | 920               | 961                  |
| Total current assets   | 4,647             | 3,667                |
| Investments  | 5,366             | 7,963                |
| Property and equipment, net of accumulated depreciation of \$21,574 and \$19,808   | 23,833            | 23,624               |
| Franchise rights   | 59,449            | 58,077               |
| Goodwill   | 15,074            | 14,705               |
| Other intangible assets, net of accumulated amortization of \$7,554 and \$6,977  | 4,614             | 4,739                |
| Other noncurrent assets, net   | 914               | 642                  |
| <b>Total assets</b>  | <b>\$ 113,897</b> | <b>\$ 113,417</b>    |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |                   |                      |
| Current Liabilities:   |                   |                      |
| Accounts payable and accrued expenses related to trade creditors   | \$ 3,027          | \$ 3,336             |
| Accrued expenses and other current liabilities   | 3,173             | 3,121                |
| Current portion of long-term debt  | 1,889             | 1,495                |
| Total current liabilities  | 8,089             | 7,952                |
| Long-term debt, less current portion   | 30,624            | 29,828               |
| Deferred income taxes  | 27,292            | 26,880               |
| Other noncurrent liabilities   | 7,207             | 7,167                |
| Minority interest  | 348               | 250                  |
| 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, 2,424,332,854 and 2,419,025,659; outstanding, 2,058,872,104 and 2,053,564,909   | 24                | 24                   |
| Class A Special common stock, \$0.01 par value authorized, 7,500,000,000 shares; issued, 920,791,470 and 1,018,960,463; outstanding, 849,856,706 and 948,025,699 | 9                 | 10                   |
| Class B common stock, \$0.01 par value authorized, 75,000,000 shares; issued and outstanding, 9,444,375  |                   |                      |
| Additional paid-in capital   | 40,913            | 41,688               |
| Retained earnings  | 6,967             | 7,191                |
| 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)  | (59)              | (56)                 |
| Total stockholders' equity   | 40,337            | 41,340               |
| <b>Total liabilities and stockholders' equity</b>  | <b>\$ 113,897</b> | <b>\$ 113,417</b>    |

See notes to condensed consolidated financial statements.

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

|   | Three Months Ended |                | Six Months Ended |                 |
|---|--------------------|----------------|------------------|-----------------|
|   | June 30            |                | June 30          |                 |
| (in millions, except per share data)                | 2008               | 2007           | 2008             | 2007            |
| Revenue   | \$ 8,553           | \$ 7,712       | \$ 16,942        | \$ 15,100       |
| Costs and Expenses:                                 |                    |                |                  |                 |
| Operating (excluding depreciation and amortization) | 3,091              | 2,754          | 6,198            | 5,513           |
| Selling, general and administrative                 | 2,111              | 1,946          | 4,219            | 3,812           |
| Depreciation  | 1,371              | 1,252          | 2,761            | 2,477           |
| Amortization  | 230                | 292            | 459              | 569             |
|   | 6,803              | 6,244          | 13,637           | 12,371          |
| Operating income                                    | 1,750              | 1,468          | 3,305            | 2,729           |
| Other Income (Expense):                             |                    |                |                  |                 |
| Interest expense                                    | (618)              | (550)          | (1,239)          | (1,118)         |
| Investment income (loss), net                       | (70)               | 126            | 9                | 300             |
| Equity in net (losses) income of affiliates, net    | (13)               | (16)           | (48)             | (37)            |
| Other income (expense)                              | 25                 | 1              | 293              | 514             |
|   | (676)              | (439)          | (985)            | (341)           |
| Income before income taxes and minority interest    | 1,074              | 1,029          | 2,320            | 2,388           |
| Income tax expense                                  | (455)              | (453)          | (963)            | (979)           |
| Income before minority interest                     | 619                | 576            | 1,357            | 1,409           |
| Minority interest                                   | 13                 | 12             | 7                | 16              |
| <b>Net income</b>                                   | <b>\$ 632</b>      | <b>\$ 588</b>  | <b>\$ 1,364</b>  | <b>\$ 1,425</b> |
| <b>Basic earnings per common share</b>              | <b>\$ 0.21</b>     | <b>\$ 0.19</b> | <b>\$ 0.46</b>   | <b>\$ 0.46</b>  |
| <b>Diluted earnings per common share</b>            | <b>\$ 0.21</b>     | <b>\$ 0.19</b> | <b>\$ 0.46</b>   | <b>\$ 0.45</b>  |
| <b>Dividends declared per common share</b>          | <b>\$ 0.0625</b>   | <b>\$</b>      | <b>\$ 0.1250</b> | <b>\$</b>       |

See notes to condensed consolidated financial statements.

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

|  | Six Months Ended |                 |
|--|------------------|-----------------|
|  | June 30          |                 |
| (in millions)  | 2008             | 2007            |
| <b>Net cash provided by operating activities</b>           | <b>\$ 4,928</b>  | <b>\$ 3,907</b> |
| <b>Financing Activities:</b>                               |                  |                 |
| Proceeds from borrowings                                   | 2,009            | 590             |
| Retirements and repayments of debt                         | (831)            | (1,320)         |
| Repurchases of common stock                                | (1,979)          | (1,252)         |
| Dividends paid   | (185)            |                 |
| Issuances of common stock                                  | 42               | 334             |
| Other  | (135)            | 52              |
| <b>Net cash provided by (used in) financing activities</b> | <b>(1,079)</b>   | <b>(1,596)</b>  |
| <b>Investing Activities:</b>                               |                  |                 |
| Capital expenditures                                       | (2,731)          | (3,058)         |
| Cash paid for intangible assets                            | (245)            | (229)           |
| Acquisitions, net of cash acquired                         | (331)            | (770)           |
| Proceeds from sales of investments                         | 320              | 1,288           |
| Purchases of investments                                   | (41)             | (52)            |
| Proceeds from sales (purchases) of short-term investments  |                  | 56              |
| Other  | (17)             | 43              |
| <b>Net cash provided by (used in) investing activities</b> | <b>(3,045)</b>   | <b>(2,722)</b>  |
| Increase (decrease) in cash and cash equivalents           | 804              | (411)           |
| Cash and cash equivalents, beginning of period             | 963              | 1,239           |
| <b>Cash and cash equivalents, end of period</b>            | <b>\$ 1,767</b>  | <b>\$ 828</b>   |

See notes to condensed consolidated financial statements.

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

**Note 1: Condensed Consolidated Financial Statements**

**Basis of Presentation**

We have prepared these unaudited condensed consolidated financial statements based on Securities and Exchange Commission ( SEC ) rules that permit reduced disclosure for interim periods. These financial statements include all adjustments that are necessary for a fair presentation of our results of operations and financial condition for the periods shown, including normal, recurring accruals and other items. The results of operations for the interim periods presented are not necessarily indicative of results for the full year.

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

**Note 2: Recent Accounting Pronouncements**

**SFAS No. 157**

In September 2006, the Financial Accounting Standards Board ( FASB ) issued SFAS No. 157, Fair Value Measurements, ( SFAS No. 157 ). SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosure requirements for fair value measurements. SFAS No. 157 is effective for financial assets and financial liabilities in fiscal years beginning after November 15, 2007 and for nonfinancial assets and nonfinancial liabilities in fiscal years beginning after March 15, 2008. Effective January 1, 2008, we adopted the provisions of SFAS No. 157 that relate to our financial assets and financial liabilities. We are currently evaluating the impact of the provisions of SFAS No. 157 that relate to our nonfinancial assets and nonfinancial liabilities, which are effective for us as of January 1, 2009. See Note 8 for further details regarding the adoption of this standard.

**SFAS No. 159**

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities, ( SFAS No. 159 ), which provides the option to report certain financial assets and financial liabilities at fair value, with the intent to mitigate the volatility in financial reporting that can occur when related assets and liabilities are recorded on different bases. SFAS No. 159 amends SFAS No. 95, Statement of Cash Flows, ( SFAS No. 95 ) and SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities, ( SFAS No. 115 ). SFAS No. 159 specifies that cash flows from trading securities, including securities for which an entity has elected the fair value option, should be classified in the statement of cash flows based on the nature of and purpose for which the securities were acquired. Before this amendment, SFAS No. 95 and SFAS No. 115 specified that cash flows from trading securities must be classified as cash flows from operating activities. Effective January 1, 2008, we adopted SFAS No. 159. We have not elected the fair value option for any financial assets or financial liabilities. Upon adoption, we reclassified for the six months ended June 30, 2007 and the year ended December 31, 2007 approximately \$483 million and \$603 million, respectively, of proceeds from the sale of trading securities within our statement of cash flows from operating activities to investing activities. The adoption of SFAS No. 159 had no effect on our statement of cash flows for the year ended December 31, 2006. We will classify proceeds from future sales based on the nature of the securities and the purpose for which they were acquired.



**Table of Contents****SFAS No. 161**

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities, ( SFAS No. 161 ). SFAS No. 161 amends and expands the disclosure requirements of SFAS No. 133, Derivative Instruments and Hedging Activities, ( SFAS No. 133 ). It requires enhanced disclosure about (i) how and why an entity uses derivative instruments, (ii) how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations, and (iii) how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. SFAS No. 161 is effective for us as of January 1, 2009.

**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 liability for the postretirement benefit related to collateral assignment split-dollar life insurance arrangements. We adopted EITF 06-10 on January 1, 2008, at which time we adjusted beginning retained earnings and recorded a liability of approximately \$130 million.

**Note 3: Earnings Per Share**

Basic earnings per common share ( Basic EPS ) is computed by dividing net income for common stockholders by the weighted-average number of common shares outstanding during the period. Diluted earnings per common share ( Diluted EPS ) considers the impact of potentially dilutive securities except in periods where there is a loss because the inclusion of the potential common shares would have an antidilutive effect. Our potentially dilutive securities include potential common shares related to our stock options and our restricted share units ( RSUs ).

Diluted EPS for the three and six months ended June 30, 2008 excludes approximately 146 million and 165 million potential common shares, respectively, related to our share-based compensation plans, because their inclusion would have had an antidilutive effect. For the three and six months ended June 30, 2007, Diluted EPS excluded approximately 39 million potential common shares.

**Computation of Diluted EPS**

|  | Three Months Ended June 30 |              |                |                 |              |                |
|--|----------------------------|--------------|----------------|-----------------|--------------|----------------|
|  | 2008                       |              |                | 2007            |              |                |
|  | Per Share                  |              |                | Per Share       |              |                |
| (in millions, except per share data)                           | Income                     | Shares       | Amount         | Income          | Shares       | Amount         |
| Basic EPS  | \$ 632                     | 2,957        | \$ 0.21        | \$ 588          | 3,113        | \$ 0.19        |
| Effect of dilutive securities:                                 |                            |              |                |                 |              |                |
| Assumed exercise or issuance of shares relating to stock plans |                            | 13           |                |                 | 34           |                |
| <b>Diluted EPS</b>   | <b>\$ 632</b>              | <b>2,970</b> | <b>\$ 0.21</b> | <b>\$ 588</b>   | <b>3,147</b> | <b>\$ 0.19</b> |
|  | Six Months Ended June 30   |              |                |                 |              |                |
|  | 2008                       |              |                | 2007            |              |                |
|  | Per Share                  |              |                | Per Share       |              |                |
| (in millions, except per share data)                           | Income                     | Shares       | Amount         | Income          | Shares       | Amount         |
| Basic EPS  | \$ 1,364                   | 2,983        | \$ 0.46        | \$ 1,425        | 3,119        | \$ 0.46        |
| Effect of dilutive securities:                                 |                            |              |                |                 |              |                |
| Assumed exercise or issuance of shares relating to stock plans |                            | 12           |                |                 | 36           |                |
| <b>Diluted EPS</b>   | <b>\$ 1,364</b>            | <b>2,995</b> | <b>\$ 0.46</b> | <b>\$ 1,425</b> | <b>3,155</b> | <b>\$ 0.45</b> |

**Table of Contents****Note 4: Acquisitions and Other Significant Events****Insight Midwest Partnership**

In April 2007, we and Insight Communications ( Insight ) agreed to divide the assets and liabilities of Insight Midwest, a 50%-50% cable system partnership with Insight (the Insight transaction ). On December 31, 2007, we contributed approximately \$1.3 billion to Insight Midwest for our share of the partnership's debt. On January 1, 2008, the distribution of the assets of Insight Midwest was completed without the assumption of any of Insight's debt by us and we received cable systems serving approximately 696,000 video subscribers in Illinois and Indiana (the Comcast asset pool ). Insight received cable systems serving approximately 652,000 video subscribers, together with approximately \$1.24 billion of debt allocated to those cable systems (the Insight asset pool ). We accounted for our interest in Insight Midwest as an equity method investment until the Comcast asset pool was distributed to us on January 1, 2008. We accounted for the distribution of assets by Insight Midwest as a sale of our 50% interest in the Insight asset pool in exchange for our acquiring an additional 50% interest in the Comcast asset pool. The estimated fair value of the 50% interest of the Comcast asset pool we received was approximately \$1.2 billion and resulted in a pretax gain of approximately \$235 million, which is included in other income (expense). We recorded our 50% interest in the Comcast Asset Pool as a step acquisition in accordance with SFAS No. 141, Business Combinations, ( SFAS No. 141 ). The valuation of assets and estimated gain are based on preliminary valuations. Refinements may occur as the valuations are finalized. The exchange of our 50% interest in the Insight asset pool for Insight's 50% interest in the Comcast asset pool is a noncash investing activity.

**Unaudited Pro Forma Information**

The following unaudited pro forma information has been presented as if the Insight transaction had occurred on January 1, 2007. It 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, 2007.

|                                      | Three Months Ended | Six Months Ended |
|--------------------------------------|--------------------|------------------|
|                                      | June 30, 2007      | June 30, 2007    |
| (in millions, except per share data) |                    |                  |
| Revenue                              | \$ 7,882           | \$ 15,432        |
| Net income                           | \$ 600             | \$ 1,446         |
| Basic EPS                            | \$ 0.19            | \$ 0.46          |
| Diluted EPS                          | \$ 0.19            | \$ 0.46          |

**Note 5: Investments**

|  | June 30,<br>2008 | December 31,<br>2007 |
|--|------------------|----------------------|
| (in millions)  |                  |                      |
| Fair value method  | \$ 2,156         | \$ 2,701             |
| Equity method, primarily SpectrumCo, LLC at June 30, 2008 and Insight Midwest and SpectrumCo, LLC at December 31, 2007 | 1,800            | 3,682                |
| Cost method, primarily AirTouch  | 1,705            | 1,678                |
| Total investments  | 5,661            | 8,061                |
| Less: Current investments  | 295              | 98                   |
| <b>Noncurrent investments</b>  | <b>\$ 5,366</b>  | <b>\$ 7,963</b>      |

We accounted for our interest in Insight Midwest as an equity method investment until January 1, 2008, the date the Comcast asset pool was distributed to us (see Note 4).

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

| (in millions)  | Three Months Ended<br>June 30 |               | Six Months Ended<br>June 30 |               |
|--|-------------------------------|---------------|-----------------------------|---------------|
|  | 2008                          | 2007          | 2008                        | 2007          |
| Interest and dividend income   | \$ 18                         | \$ 34         | \$ 37                       | \$ 90         |
| Gains on sales and exchanges of investments, net   | 2                             | 57            | 13                          | 99            |
| Investment impairment losses   |                               | (2)           | (2)                         | (3)           |
| Unrealized gains (losses) on trading securities and hedged items                         | (26)                          | 277           | (290)                       | 493           |
| Mark to market adjustments on derivatives related to trading securities and hedged items | (21)                          | (243)         | 273                         | (419)         |
| Mark to market adjustments on derivatives  | (43)                          | 3             | (22)                        | 40            |
| <b>Investment income (loss), net</b>   | <b>\$ (70)</b>                | <b>\$ 126</b> | <b>\$ 9</b>                 | <b>\$ 300</b> |

**Note 6: Goodwill**

The changes in the carrying amount of goodwill by business segment for the six months ended June 30, 2008 are presented in the table below.

| (in millions)                 | Cable            | Programming     | Corporate and Other | Total            |
|-------------------------------|------------------|-----------------|---------------------|------------------|
| Balance, December 31, 2007    | \$ 12,842        | \$ 1,482        | \$ 381              | \$ 14,705        |
| Settlements and adjustments   | 12               |                 | 5                   | 17               |
| Acquisitions                  | 304              | 38              | 10                  | 352              |
| <b>Balance, June 30, 2008</b> | <b>\$ 13,158</b> | <b>\$ 1,520</b> | <b>\$ 396</b>       | <b>\$ 15,074</b> |

Acquisitions for the six months ended June 30, 2008 primarily relate to the Insight transaction, the acquisition of an additional interest in Pacific Regional Programming Partners, which operates the Comcast SportsNet Bay Area network, and various other smaller acquisitions.

**Note 7: Long-Term Debt**

In May 2008, we issued \$1.0 billion principal amount of 5.70% notes due 2018 and \$1.0 billion principal amount of 6.40% notes due 2038. We used the net proceeds of this offering for the repayment of certain debt obligations, repurchases of our common stock, working capital and general corporate purposes.

**Note 8: Fair Value of Financial Assets and Financial Liabilities**

Effective January 1, 2008, we adopted the provisions of SFAS No. 157 that relate to our financial assets and financial liabilities as discussed in Note 2. SFAS No. 157 establishes a hierarchy that prioritizes fair value measurements based on the types of inputs used for the various valuation techniques (market approach, income approach and cost approach). The levels of the hierarchy are described below:

Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; these include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active

Level 3: Unobservable inputs that reflect the reporting entity's own assumptions



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Our assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of financial assets and financial liabilities and their placement within the fair value hierarchy. Our financial assets and financial liabilities that are accounted for at fair value on a recurring basis are presented in the table below.

**Recurring Fair Value Measures**

| (in millions)                                   | Fair value as of June 30, 2008 |               |             |                 |
|---|--------------------------------|---------------|-------------|-----------------|
|   | Level 1                        | Level 2       | Level 3     | Total           |
| <b>Assets</b>                                   |                                |               |             |                 |
| Trading securities                              | \$ 1,759                       | \$            | \$          | \$ 1,759        |
| Available-for-sale securities                   | 16                             | 378           |             | 394             |
| Equity warrants                                 |                                |               | 3           | 3               |
| Cash surrender value of life insurance policies |                                | 140           |             | 140             |
| Interest rate exchange agreements               |                                | 31            |             | 31              |
|   | <b>\$ 1,775</b>                | <b>\$ 549</b> | <b>\$ 3</b> | <b>\$ 2,327</b> |
| <b>Liabilities</b>                              |                                |               |             |                 |
| Indexed debt instruments                        | \$                             | \$ 102        | \$          | \$ 102          |
| Prepaid forward sale agreements                 |                                | 381           |             | 381             |
| Interest rate exchange agreements               |                                | 17            |             | 17              |
|   | <b>\$</b>                      | <b>\$ 500</b> | <b>\$</b>   | <b>\$ 500</b>   |

**Note 9: Stockholders' Equity****Share-Based Compensation**

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

In March 2008, we granted 21.1 million stock options and 7.3 million RSUs related to our annual management grant program. The fair values associated with these grants were \$6.48 per stock option and \$18.14 per RSU.

**Recognized Share-Based Compensation Expense**

| (in millions)                                 | Three Months Ended<br>June 30 |              | Six Months Ended<br>June 30 |              |
|---|-------------------------------|--------------|-----------------------------|--------------|
|   | 2008                          | 2007         | 2008                        | 2007         |
| Stock options                                 | \$ 24                         | \$ 23        | \$ 44                       | \$ 37        |
| Restricted share units                        | 23                            | 21           | 43                          | 34           |
| Employee stock purchase plan                  | 3                             | 4            | 8                           | 7            |
| <b>Total share-based compensation expense</b> | <b>\$ 50</b>                  | <b>\$ 48</b> | <b>\$ 95</b>                | <b>\$ 78</b> |

As of June 30, 2008, there was \$341 million and \$330 million of unrecognized pretax compensation cost related to nonvested stock options and nonvested RSUs, respectively.

**Comprehensive Income**

Our total comprehensive income is presented in the table below.

| (in millions) | Three Months Ended<br>June 30 |        | Six Months Ended<br>June 30 |          |
|---------------|-------------------------------|--------|-----------------------------|----------|
|               | 2008                          | 2007   | 2008                        | 2007     |
| Net income    | \$ 632                        | \$ 588 | \$ 1,364                    | \$ 1,425 |

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|  |               |               |                 |                 |
|--|---------------|---------------|-----------------|-----------------|
| Holding (losses) gains during the period                               | (5)           | 11            | (10)            |                 |
| Reclassification adjustments for losses (gains) included in net income | 2             | (53)          | 6               | (93)            |
| Employee benefit obligations   |               |               | (1)             |                 |
| Cumulative translation adjustments                                     | 1             | 1             | 2               | 7               |
| <b>Comprehensive income</b>  | <b>\$ 630</b> | <b>\$ 547</b> | <b>\$ 1,361</b> | <b>\$ 1,339</b> |

**Table of Contents****Note 10: Statement of Cash Flows Supplemental Information****Components of Operating Activities**

|   | Six Months Ended<br>June 30 |                 |
|---|-----------------------------|-----------------|
| (in millions)   | 2008                        | 2007            |
| Net income  | \$ 1,364                    | \$ 1,425        |
| Adjustments to reconcile net income to net cash provided by operating activities:             |                             |                 |
| Depreciation  | 2,761                       | 2,477           |
| Amortization  | 459                         | 569             |
| Share-based compensation  | 123                         | 78              |
| Noncash interest expense (income), net  | 132                         | 49              |
| Equity in net losses (income) of affiliates, net  | 48                          | 37              |
| (Gains) losses on investments and noncash other (income) expense, net                         | (243)                       | (746)           |
| Noncash contribution expense  |                             | 8               |
| Minority interest   | (7)                         | (16)            |
| Deferred income taxes   | 403                         | 197             |
| Changes in operating assets and liabilities, net of effects of acquisitions and divestitures: |                             |                 |
| Change in accounts receivable, net  | (7)                         | 72              |
| Change in accounts payable and accrued expenses related to trade creditors                    | (69)                        | (80)            |
| Change in other operating assets and liabilities  | (36)                        | (163)           |
| <b>Net cash provided by operating activities</b>  | <b>\$ 4,928</b>             | <b>\$ 3,907</b> |

**Cash Payments for Interest and Income Taxes**

|               | Three Months Ended<br>June 30 |        | Six Months Ended<br>June 30 |          |
|---------------|-------------------------------|--------|-----------------------------|----------|
| (in millions) | 2008                          | 2007   | 2008                        | 2007     |
| Interest      | \$ 408                        | \$ 416 | \$ 1,116                    | \$ 1,078 |
| Income taxes  | \$ 335                        | \$ 613 | \$ 355                      | \$ 647   |

**Noncash Financing and Investing Activities**

During the six months ended June 30, 2008, we:

exchanged our 50% interest in the Insight asset pool for Insight's 50% interest in the Comcast asset pool, which is a noncash investing activity

recorded a liability of approximately \$182 million for a quarterly cash dividend of \$0.0625 per common share paid in July 2008, which is a noncash 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. The obligations expire between September 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 \$445 million as of June 30, 2008, at which time there were no quoted market prices for similar agreements. This amount reflects a decrease of \$520 million from December 31, 2007 as a result of the Insight transaction (see Note 4).

#### **Contingencies**

##### ***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 under 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 subsequently transferred to the Eastern District of Pennsylvania, was also denied. We are proceeding with discovery on plaintiffs' claims concerning the Philadelphia Cluster. Plaintiffs' claims concerning the other two clusters are stayed pending determination of the Philadelphia Cluster claims.

In addition, we are among the defendants in a purported class action filed in the United States District Court for the Central District of California ( Central District ) in September 2007. The plaintiffs allege that the defendants who produce video programming have entered into agreements with the defendants who distribute video programming via cable and satellite (including us, among others), which preclude the distributors from reselling channels to subscribers on an unbundled basis in violation of federal antitrust laws. The plaintiffs seek treble damages for the loss of their ability to pick and choose the specific bundled channels to which they wish to subscribe, and injunctive relief requiring each distributor defendant to resell certain channels to its subscribers on an unbundled basis. The potential class is comprised of all persons residing in the United States who have subscribed to an expanded basic level of video service provided by one of the distributor defendants. We and the other defendants filed motions to dismiss an amended complaint in April 2008. In June 2008, the Central District denied the motions to dismiss. In July 2008, we and the other defendants filed motions to certify certain issues decided in the Central District's June 2008 order for interlocutory appeal to the Ninth Circuit Court of Appeals. The Central District has scheduled a hearing on these motions for August 4, 2008.

##### ***Securities and Related Litigation***

We and several of our current and former officers were named as defendants in a purported class action lawsuit filed in the United States District Court for the Eastern District of Pennsylvania ( Eastern District ) in January 2008. We filed a motion to dismiss the case in February 2008. The plaintiff did not respond, but instead sought leave to amend the complaint, which the court granted. The plaintiff filed an amended complaint in May 2008 naming only us and two current officers as defendants. The alleged class comprises purchasers of our publicly issued securities between February 1, 2007 and December 4, 2007. The plaintiff asserts that during the alleged class period, the defendants violated federal securities laws through alleged material misstatements and omissions relating to forecast results for 2007. The plaintiff seeks unspecified damages. In June 2008, we filed a motion to dismiss the amended complaint. The court has not yet scheduled a hearing on the motion.

We, our directors and one of our current officers have also been named as defendants in a separate purported class action lawsuit filed in the Eastern District in February 2008. The alleged class comprises participants in our retirement-investment (401(k)) plan that invested in the plan's company stock account. The plaintiff asserts that



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the defendants breached their fiduciary duties in managing the plan. The plaintiff seeks unspecified damages. The plaintiff filed an amended complaint in June 2008, and in July 2008 we filed a motion to dismiss the amended complaint.

### ***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 under applicable contractual indemnification provisions.

\* \* \*

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

### ***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 cash flows.

**Table of Contents****Note 12: Financial Data by Business Segment**

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

| (in millions)   | Cable(a)(b) | Programming(c) | Corporate and<br>Other(d)(e) | Eliminations(e)(f) | Total     |
|---|-------------|----------------|------------------------------|--------------------|-----------|
| <b>Three months ended June 30, 2008</b>                         |             |                |                              |                    |           |
| Revenue(g)  | \$ 8,100    | \$ 366         | \$ 142                       | \$ (55)            | \$ 8,553  |
| Operating income (loss) before depreciation and amortization(h) | 3,362       | 89             | (98)                         | (2)                | 3,351     |
| Depreciation and amortization                                   | 1,537       | 45             | 27                           | (8)                | 1,601     |
| Operating income (loss)   | 1,825       | 44             | (125)                        | 6                  | 1,750     |
| Capital expenditures  | 1,254       | 6              | 40                           |                    | 1,300     |
| <b>Three months ended June 30, 2007</b>                         |             |                |                              |                    |           |
| Revenue(g)  | \$ 7,330    | \$ 334         | \$ 103                       | \$ (55)            | \$ 7,712  |
| Operating income (loss) before depreciation and amortization(h) | 3,031       | 75             | (92)                         | (2)                | 3,012     |
| Depreciation and amortization                                   | 1,471       | 46             | 32                           | (5)                | 1,544     |
| Operating income (loss)   | 1,560       | 29             | (124)                        | 3                  | 1,468     |
| Capital expenditures  | 1,586       | 10             | 8                            |                    | 1,604     |
| <b>Six months ended June 30, 2008</b>                           |             |                |                              |                    |           |
| Revenue(g)  | \$ 16,016   | \$ 729         | \$ 325                       | \$ (128)           | \$ 16,942 |
| Operating income (loss) before depreciation and amortization(h) | 6,504       | 202            | (180)                        | (1)                | 6,525     |
| Depreciation and amortization                                   | 3,085       | 99             | 51                           | (15)               | 3,220     |
| Operating income (loss)   | 3,419       | 103            | (231)                        | 14                 | 3,305     |
| Capital expenditures  | 2,609       | 10             | 112                          |                    | 2,731     |
| <b>Six months ended June 30, 2007</b>                           |             |                |                              |                    |           |
| Revenue(g)  | \$ 14,328   | \$ 636         | \$ 258                       | \$ (122)           | \$ 15,100 |
| Operating income (loss) before depreciation and amortization(h) | 5,824       | 140            | (187)                        | (2)                | 5,775     |
| Depreciation and amortization                                   | 2,911       | 93             | 52                           | (10)               | 3,046     |
| Operating income (loss)   | 2,913       | 47             | (239)                        | 8                  | 2,729     |
| Capital expenditures  | 3,029       | 14             | 15                           |                    | 3,058     |

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- (a) For the three and six months ended June 30, 2008 and 2007, Cable segment revenue was derived from the following services:

|                     | Three Months Ended |             | Six Months Ended |             |
|---------------------|--------------------|-------------|------------------|-------------|
|                     | June 30            |             | June 30          |             |
|                     | 2008               | 2007        | 2008             | 2007        |
| Video               | 58.4%              | 60.9%       | 58.9%            | 61.6%       |
| High-speed Internet | 22.1               | 21.7        | 22.1             | 21.7        |
| Phone               | 7.9                | 5.7         | 7.7              | 5.4         |
| Advertising         | 4.9                | 5.4         | 4.6              | 5.0         |
| Franchise fees      | 2.8                | 2.9         | 2.8              | 2.9         |
| Other               | 3.9                | 3.4         | 3.9              | 3.4         |
| <b>Total</b>        | <b>100%</b>        | <b>100%</b> | <b>100%</b>      | <b>100%</b> |

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

- (b) Our Cable segment includes our regional sports and news networks.
- (c) Programming consists primarily of our consolidated national programming networks, including E!, The Golf Channel, VERSUS, G4 and Style.
- (d) Corporate and Other includes Comcast Spectacor, Comcast Interactive Media, a portion of the operating results of our less than wholly owned technology development ventures (see (e) below), corporate activities and all other businesses not presented in our Cable or Programming segments.
- (e) We consolidate our less than wholly owned technology development ventures, 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.
- (f) Included in the Eliminations column are transactions that our segments enter into with one another. The most common types of transactions are the following:
- our Programming segment generates revenue by selling cable network programming to our Cable segment, which represents a substantial majority of the revenue elimination amount
  - our Cable segment receives incentives offered by our Programming segment when negotiating programming contracts that are recorded as a reduction to programming expenses
  - our Cable segment generates revenue by selling the use of satellite feeds to our Programming segment
- (g) Non-U.S. revenue was not significant in any period. No single customer accounted for a significant amount of our revenue in any period.
- (h) To measure the performance of our operating segments, we use operating income (loss) before depreciation and amortization, excluding 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.

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Additionally, it is 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 business 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 we have reported in accordance with GAAP.

**Table of Contents****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</sup>/<sub>8</sub>% senior subordinated debentures due 2012, both of which were issued by Comcast Holdings. Accordingly, we have included Comcast Holdings' condensed consolidated financial information for all periods presented. Our condensed consolidating financial information is presented below.

**Comcast Corporation**  
**Condensed Consolidating Balance Sheet**  
**June 30, 2008**

|  | Combined         |                  |                  |                  | Elimination      |                   |                     | Consolidated      |
|--|------------------|------------------|------------------|------------------|------------------|-------------------|---------------------|-------------------|
|  | Comcast          | CCCL             | CCCH             | CCHMO            | Comcast          | Non-              | and                 | Comcast           |
| (in millions)  | Parent           | Parent           | Parent           | Parents          | Holdings         | Subsidiaries      | Adjustments         | Corporation       |
| <b>ASSETS</b>  |                  |                  |                  |                  |                  |                   |                     |                   |
| Cash and cash equivalents  | \$               | \$               | \$               | \$               | \$               | \$ 1,767          | \$                  | \$ 1,767          |
| Investments  |                  |                  |                  |                  |                  | 295               |                     | 295               |
| Accounts receivable, net   |                  |                  |                  |                  |                  | 1,665             |                     | 1,665             |
| Other current assets   | 174              | 5                |                  |                  |                  | 741               |                     | 920               |
| Total current assets   | 174              | 5                |                  |                  |                  | 4,468             |                     | 4,647             |
| Investments  |                  |                  |                  |                  |                  | 5,366             |                     | 5,366             |
| Investments in and amounts due from subsidiaries eliminated upon consolidation | 69,967           | 33,908           | 41,342           | 44,443           | 26,096           | 3,457             | (219,213)           |                   |
| Property and equipment, net  | 292              |                  |                  |                  |                  | 23,541            |                     | 23,833            |
| Franchise rights   |                  |                  |                  |                  |                  | 59,449            |                     | 59,449            |
| Goodwill   |                  |                  |                  |                  |                  | 15,074            |                     | 15,074            |
| Other intangible assets, net   |                  |                  |                  |                  |                  | 4,614             |                     | 4,614             |
| Other noncurrent assets, net   | 344              | 9                | 15               |                  | 23               | 523               |                     | 914               |
| <b>Total assets</b>  | <b>\$ 70,777</b> | <b>\$ 33,922</b> | <b>\$ 41,357</b> | <b>\$ 44,443</b> | <b>\$ 26,119</b> | <b>\$ 116,492</b> | <b>\$ (219,213)</b> | <b>\$ 113,897</b> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>                                    |                  |                  |                  |                  |                  |                   |                     |                   |
| Accounts payable and accrued expenses related to trade creditors               | \$ 197           | \$               | \$               | \$               | \$               | \$ 2,830          | \$                  | \$ 3,027          |
| Accrued expenses and other current liabilities                                 | 781              | 273              | 75               | 98               | 153              | 1,793             |                     | 3,173             |
| Current portion of long-term debt  |                  | 1,553            |                  | 301              |                  | 35                |                     | 1,889             |
| Total current liabilities  | 978              | 1,826            | 75               | 399              | 153              | 4,658             |                     | 8,089             |
| Long-term debt, less current portion   | 20,814           | 2,543            | 3,498            | 2,702            | 788              | 279               |                     | 30,624            |
| Deferred income taxes  | 7,197            |                  |                  |                  | 783              | 19,312            |                     | 27,292            |
| Other noncurrent liabilities   | 1,451            |                  |                  |                  | 91               | 5,665             |                     | 7,207             |
| Minority interest  |                  |                  |                  |                  |                  | 348               |                     | 348               |
| Stockholders' Equity:  |                  |                  |                  |                  |                  |                   |                     |                   |
| Common stock   | 33               |                  |                  |                  |                  |                   |                     | 33                |
| Other stockholders' equity   | 40,304           | 29,553           | 37,784           | 41,342           | 24,304           | 86,230            | (219,213)           | 40,304            |

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|   |                  |                  |                  |                  |                  |                   |                     |                   |
|---|------------------|------------------|------------------|------------------|------------------|-------------------|---------------------|-------------------|
| Total stockholders' equity                        | 40,337           | 29,553           | 37,784           | 41,342           | 24,304           | 86,230            | (219,213)           | 40,337            |
| <b>Total liabilities and stockholders' equity</b> | <b>\$ 70,777</b> | <b>\$ 33,922</b> | <b>\$ 41,357</b> | <b>\$ 44,443</b> | <b>\$ 26,119</b> | <b>\$ 116,492</b> | <b>\$ (219,213)</b> | <b>\$ 113,897</b> |

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**Comcast Corporation**  
**Condensed Consolidating Balance Sheet**  
**December 31, 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   | \$                | \$               | \$               | \$                           | \$                  | \$ 963                            | \$   | \$ 963                                 |
| Investments   |                   |                  |                  |                              |                     | 98                                |  | 98                                     |
| Accounts receivable, net  |                   |                  |                  |                              |                     | 1,645                             |  | 1,645                                  |
| Other current assets  | 100               |                  |                  |                              |                     | 861                               |  | 961                                    |
| Total current assets  | 100               |                  |                  |                              |                     | 3,567                             |  | 3,667                                  |
| Investments   |                   |                  |                  |                              |                     | 7,963                             |  | 7,963                                  |
| Investments in and amounts due from<br>subsidiaries eliminated upon consolidation | 67,903            | 32,760           | 40,240           | 43,356                       | 25,815              | 2,244                             | (212,318)  |  |
| Property and equipment, net   | 208               |                  |                  |                              |                     | 23,416                            |  | 23,624                                 |
| Franchise rights  |                   |                  |                  |                              |                     | 58,077                            |  | 58,077                                 |
| Goodwill  |                   |                  |                  |                              |                     | 14,705                            |  | 14,705                                 |
| Other intangible assets, net  |                   |                  |                  |                              |                     | 4,739                             |  | 4,739                                  |
| Other noncurrent assets, net  | 281               | 11               | 17               |                              | 30                  | 303                               |  | 642                                    |
| <b>Total assets</b>   | <b>\$ 68,492</b>  | <b>\$ 32,771</b> | <b>\$ 40,257</b> | <b>\$ 43,356</b>             | <b>\$ 25,845</b>    | <b>\$ 115,014</b>                 | <b>\$ (212,318)</b>                                | <b>\$ 113,417</b>                      |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>                                       |                   |                  |                  |                              |                     |                                   |  |  |
| Accounts payable and accrued expenses<br>related to trade creditors               | \$ 10             | \$ 3             | \$               | \$                           | \$                  | \$ 3,323                          | \$   | \$ 3,336                               |
| Accrued expenses and other current<br>liabilities                                 | 694               | 267              | 75               | 98                           | 74                  | 1,913                             |  | 3,121                                  |
| Current portion of long-term debt   |                   | 1,142            |                  | 305                          |                     | 48                                |  | 1,495                                  |
| Total current liabilities   | 704               | 1,412            | 75               | 403                          | 74                  | 5,284                             |  | 7,952                                  |
| Long-term debt, less current portion  | 19,133            | 3,294            | 3,498            | 2,713                        | 908                 | 282                               |  | 29,828                                 |
| Deferred income taxes   | 6,256             |                  |                  |                              | 1,015               | 19,609                            |  | 26,880                                 |
| Other noncurrent liabilities  | 1,059             | 6                |                  |                              | 116                 | 5,986                             |  | 7,167                                  |
| Minority interest   |                   |                  |                  |                              |                     | 250                               |  | 250                                    |
| Stockholders' Equity:   |                   |                  |                  |                              |                     |                                   |  |  |
| Common stock  | 34                |                  |                  |                              |                     |                                   |  | 34                                     |
| Other stockholders' equity  | 41,306            | 28,059           | 36,684           | 40,240                       | 23,732              | 83,603                            | (212,318)  | 41,306                                 |
| Total stockholders' equity  | 41,340            | 28,059           | 36,684           | 40,240                       | 23,732              | 83,603                            | (212,318)  | 41,340                                 |
| <b>Total liabilities and stockholders' equity</b>                                 | <b>\$ 68,492</b>  | <b>\$ 32,771</b> | <b>\$ 40,257</b> | <b>\$ 43,356</b>             | <b>\$ 25,845</b>    | <b>\$ 115,014</b>                 | <b>\$ (212,318)</b>                                | <b>\$ 113,417</b>                      |

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

|   | Combined      |               |               |               | Non-          |                 | Elimination       | Consolidated  |
|---|---------------|---------------|---------------|---------------|---------------|-----------------|-------------------|---------------|
|   | Comcast       | CCCL          | CCCH          | CCHMO         | Comcast       | Guarantor       | and               | Consolidated  |
| (in millions)   | Parent        | Parent        | Parent        | Parents       | Holdings      | Subsidiaries    | Adjustments       | Corporation   |
| <b>Revenue:</b>   |               |               |               |               |               |                 |                   |               |
| Service revenue   | \$            | \$            | \$            | \$            | \$            | \$ 8,553        | \$                | \$ 8,553      |
| Management fee revenue                                  | 192           | 56            | 103           | 103           |               |                 | (454)             |               |
|   | 192           | 56            | 103           | 103           |               | 8,553           | (454)             | 8,553         |
| <b>Costs and Expenses:</b>                              |               |               |               |               |               |                 |                   |               |
| Operating (excluding depreciation and amortization)     |               |               |               |               |               | 3,091           |                   | 3,091         |
| Selling, general and administrative                     | 93            | 56            | 103           | 103           | 22            | 2,188           | (454)             | 2,111         |
| Depreciation  | 5             |               |               |               |               | 1,366           |                   | 1,371         |
| Amortization  |               |               |               |               |               | 230             |                   | 230           |
|   | 98            | 56            | 103           | 103           | 22            | 6,875           | (454)             | 6,803         |
| Operating income (loss)                                 | 94            |               |               |               | (22)          | 1,678           |                   | 1,750         |
| <b>Other Income (Expense):</b>                          |               |               |               |               |               |                 |                   |               |
| Interest expense  | (320)         | (77)          | (82)          | (54)          | (52)          | (33)            |                   | (618)         |
| Investment income (loss), net                           | (2)           |               |               |               | (43)          | (25)            |                   | (70)          |
| Equity in net (losses) income of affiliates, net        | 781           | 370           | 639           | 673           | 296           | 13              | (2,785)           | (13)          |
| Other income (expense)                                  | (1)           |               |               |               |               | 26              |                   | 25            |
|   | 458           | 293           | 557           | 619           | 201           | (19)            | (2,785)           | (676)         |
| Income (loss) before income taxes and minority interest | 552           | 293           | 557           | 619           | 179           | 1,659           | (2,785)           | 1,074         |
| Income tax (expense) benefit                            | 80            | 29            | 29            | 20            | 41            | (654)           |                   | (455)         |
| Income (loss) before minority interest                  | 632           | 322           | 586           | 639           | 220           | 1,005           | (2,785)           | 619           |
| Minority interest                                       |               |               |               |               |               | 13              |                   | 13            |
| <b>Net Income (loss)</b>                                | <b>\$ 632</b> | <b>\$ 322</b> | <b>\$ 586</b> | <b>\$ 639</b> | <b>\$ 220</b> | <b>\$ 1,018</b> | <b>\$ (2,785)</b> | <b>\$ 632</b> |



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

|   | Combined      |               |               |               | Elimination   |               |                   | Consolidated  |
|---|---------------|---------------|---------------|---------------|---------------|---------------|-------------------|---------------|
|   | Comcast       | CCCL          | CCCH          | CCHMO         | Comcast       | Non-          | and               | Comcast       |
| (in millions)   | Parent        | Parent        | Parent        | Parents       | Holdings      | Subsidiaries  | Adjustments       | Corporation   |
| <b>Revenue:</b>   |               |               |               |               |               |               |                   |               |
| Service revenue   | \$            | \$            | \$            | \$            | \$            | \$ 7,712      | \$                | \$ 7,712      |
| Management fee revenue                                  | 159           | 54            | 84            | 84            |               |               | (381)             |               |
|   | 159           | 54            | 84            | 84            |               | 7,712         | (381)             | 7,712         |
| <b>Costs and Expenses:</b>                              |               |               |               |               |               |               |                   |               |
| Operating (excluding depreciation and amortization)     |               |               |               |               |               | 2,754         |                   | 2,754         |
| Selling, general and administrative                     | 74            | 54            | 84            | 84            | 5             | 2,026         | (381)             | 1,946         |
| Depreciation  | 2             |               |               |               |               | 1,250         |                   | 1,252         |
| Amortization  |               |               |               |               |               | 292           |                   | 292           |
|   | 76            | 54            | 84            | 84            | 5             | 6,322         | (381)             | 6,244         |
| Operating income (loss)                                 | 83            |               |               |               | (5)           | 1,390         |                   | 1,468         |
| <b>Other Income (Expense):</b>                          |               |               |               |               |               |               |                   |               |
| Interest expense  | (260)         | (91)          | (80)          | (54)          | (23)          | (42)          |                   | (550)         |
| Investment income (loss), net                           | 2             |               | 5             |               | (38)          | 157           |                   | 126           |
| Equity in net (losses) income of affiliates, net        | 702           | 474           | 412           | 445           | 418           | (19)          | (2,448)           | (16)          |
| Other income (expense)                                  | 1             |               |               |               |               |               |                   | 1             |
|   | 445           | 383           | 337           | 391           | 357           | 96            | (2,448)           | (439)         |
| Income (loss) before income taxes and minority interest | 528           | 383           | 337           | 391           | 352           | 1,486         | (2,448)           | 1,029         |
| Income tax (expense) benefit                            | 60            | 32            | 27            | 21            | 23            | (616)         |                   | (453)         |
| Income (loss) before minority interest                  | 588           | 415           | 364           | 412           | 375           | 870           | (2,448)           | 576           |
| Minority interest                                       |               |               |               |               |               | 12            |                   | 12            |
| <b>Net Income (loss)</b>                                | <b>\$ 588</b> | <b>\$ 415</b> | <b>\$ 364</b> | <b>\$ 412</b> | <b>\$ 375</b> | <b>\$ 882</b> | <b>\$ (2,448)</b> | <b>\$ 588</b> |

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**Comcast Corporation**  
**Condensed Consolidating Statement of Operations**  
**For the Six Months Ended June 30, 2008**

| (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>Revenue:</b>   |                   |                |                 |                              |                     |                                   |  |  |
| Service revenue   | \$                | \$             | \$              | \$                           | \$                  | \$ 16,942                         | \$   | \$ 16,942                              |
| Management fee revenue                                  | 360               | 109            | 202             | 202                          |                     |                                   | (873)  |  |
|   | 360               | 109            | 202             | 202                          |                     | 16,942                            | (873)  | 16,942                                 |
| <b>Costs and Expenses:</b>                              |                   |                |                 |                              |                     |                                   |  |  |
| Operating (excluding depreciation and amortization)     |                   |                |                 |                              |                     | 6,198                             |  | 6,198                                  |
| Selling, general and administrative                     | 177               | 109            | 202             | 202                          | 26                  | 4,376                             | (873)  | 4,219                                  |
| Depreciation  | 10                |                |                 |                              |                     | 2,751                             |  | 2,761                                  |
| Amortization  |                   |                |                 |                              |                     | 459                               |  | 459                                    |
|   | 187               | 109            | 202             | 202                          | 26                  | 13,784                            | (873)  | 13,637                                 |
| Operating income (loss)                                 | 173               |                |                 |                              | (26)                | 3,158                             |  | 3,305                                  |
| <b>Other Income (Expense):</b>                          |                   |                |                 |                              |                     |                                   |  |  |
| Interest expense  | (643)             | (159)          | (162)           | (110)                        | (95)                | (70)                              |  | (1,239)                                |
| Investment income (loss), net                           | (9)               |                |                 |                              | (22)                | 40                                |  | 9                                      |
| Equity in net (losses) income of affiliates, net        | 1,676             | 777            | 1,298           | 1,369                        | 690                 | (64)                              | (5,794)  | (48)                                   |
| Other income (expense)                                  | (1)               |                |                 |                              |                     | 294                               |  | 293                                    |
|   | 1,023             | 618            | 1,136           | 1,259                        | 573                 | 200                               | (5,794)  | (985)                                  |
| Income (loss) before income taxes and minority interest | 1,196             | 618            | 1,136           | 1,259                        | 547                 | 3,358                             | (5,794)  | 2,320                                  |
| Income tax (expense) benefit                            | 168               | 56             | 57              | 39                           | 50                  | (1,333)                           |  | (963)                                  |
| Income (loss) before minority interest                  | 1,364             | 674            | 1,193           | 1,298                        | 597                 | 2,025                             | (5,794)  | 1,357                                  |
| Minority interest                                       |                   |                |                 |                              |                     | 7                                 |  | 7                                      |
| <b>Net Income (loss)</b>                                | <b>\$ 1,364</b>   | <b>\$ 674</b>  | <b>\$ 1,193</b> | <b>\$ 1,298</b>              | <b>\$ 597</b>       | <b>\$ 2,032</b>                   | <b>\$ (5,794)</b>                                  | <b>\$ 1,364</b>                        |

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**Comcast Corporation**  
**Condensed Consolidating Statement of Operations**  
**For the Six Months Ended June 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>Revenue:</b>   |                   |                |                 |                              |                     |                                   |  |  |
| Service revenue   | \$                | \$             | \$              | \$                           | \$                  | \$ 15,100                         | \$   | \$ 15,100                              |
| Management fee revenue                                  | 308               | 105            | 163             | 163                          |                     |                                   | (739)  |  |
|   | 308               | 105            | 163             | 163                          |                     | 15,100                            | (739)  | 15,100                                 |
| <b>Costs and Expenses:</b>                              |                   |                |                 |                              |                     |                                   |  |  |
| Operating (excluding depreciation and amortization)     |                   |                |                 |                              |                     | 5,513                             |  | 5,513                                  |
| Selling, general and administrative                     | 145               | 105            | 163             | 163                          | 9                   | 3,966                             | (739)  | 3,812                                  |
| Depreciation  | 3                 |                |                 |                              |                     | 2,474                             |  | 2,477                                  |
| Amortization  |                   |                |                 |                              |                     | 569                               |  | 569                                    |
|   | 148               | 105            | 163             | 163                          | 9                   | 12,522                            | (739)  | 12,371                                 |
| Operating income (loss)                                 | 160               |                |                 |                              | (9)                 | 2,578                             |  | 2,729                                  |
| <b>Other Income (Expense):</b>                          |                   |                |                 |                              |                     |                                   |  |  |
| Interest expense  | (511)             | (189)          | (161)           | (122)                        | (47)                | (88)                              |  | (1,118)                                |
| Investment income (loss), net                           | 2                 |                | 5               |                              | (47)                | 340                               |  | 300                                    |
| Equity in net (losses) income of affiliates, net        | 1,651             | 855            | 1,211           | 1,291                        | 749                 | (53)                              | (5,741)  | (37)                                   |
| Other income (expense)                                  | 2                 |                |                 |                              |                     | 512                               |  | 514                                    |
|   | 1,144             | 666            | 1,055           | 1,169                        | 655                 | 711                               | (5,741)  | (341)                                  |
| Income (loss) before income taxes and minority interest | 1,304             | 666            | 1,055           | 1,169                        | 646                 | 3,289                             | (5,741)  | 2,388                                  |
| Income tax (expense) benefit                            | 121               | 67             | 56              | 42                           | 36                  | (1,301)                           |  | (979)                                  |
| Income (loss) before minority interest                  | 1,425             | 733            | 1,111           | 1,211                        | 682                 | 1,988                             | (5,741)  | 1,409                                  |
| Minority interest                                       |                   |                |                 |                              |                     | 16                                |  | 16                                     |
| <b>Net Income (loss)</b>                                | <b>\$ 1,425</b>   | <b>\$ 733</b>  | <b>\$ 1,111</b> | <b>\$ 1,211</b>              | <b>\$ 682</b>       | <b>\$ 2,004</b>                   | <b>\$ (5,741)</b>                                  | <b>\$ 1,425</b>                        |

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**Comcast Corporation**  
**Condensed Consolidating Statement of Cash Flows**  
**For the Six Months Ended June 30, 2008**

| (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 |
|---|-------------------|----------------|----------------|------------------------------|---------------------|-----------------------------------|--|--|
| Net cash provided by (used in) operating activities | \$ 13             | \$ (103)       | \$ (94)        | \$ (85)                      | \$ 61               | \$ 5,136                          | \$   | \$ 4,928                               |
| Financing Activities:                               |                   |                |                |                              |                     |                                   |  |  |
| Proceeds from borrowings                            | 1,998             |                |                |                              |                     | 11                                |  | 2,009                                  |
| Retirements and repayments of debt                  | (300)             | (350)          |                |                              | (154)               | (27)                              |  | (831)                                  |
| Repurchases of common stock                         | (1,979)           |                |                |                              |                     |                                   |  | (1,979)                                |
| Dividends paid                                      | (185)             |                |                |                              |                     |                                   |  | (185)                                  |
| Issuances of common stock                           | 42                |                |                |                              |                     |                                   |  | 42                                     |
| Other   | (3)               |                |                |                              | (53)                | (79)                              |  | (135)                                  |
| Net cash provided by (used in) financing activities | (427)             | (350)          |                |                              | (207)               | (95)                              |  | (1,079)                                |
| Investing Activities:                               |                   |                |                |                              |                     |                                   |  |  |
| Net transactions with affiliates                    | 556               | 453            | 94             | 85                           | 146                 | (1,334)                           |  |  |
| Capital expenditures                                | (104)             |                |                |                              |                     | (2,627)                           |  | (2,731)                                |
| Cash paid for intangible assets                     |                   |                |                |                              |                     | (245)                             |  | (245)                                  |
| Acquisitions, net of cash acquired                  |                   |                |                |                              |                     | (331)                             |  | (331)                                  |
| Proceeds from sales of investments                  |                   |                |                |                              |                     | 320                               |  | 320                                    |
| Purchases of investments                            |                   |                |                |                              |                     | (41)                              |  | (41)                                   |
| Other   | (38)              |                |                |                              |                     | 21                                |  | (17)                                   |
| Net cash provided by (used in) investing activities | 414               | 453            | 94             | 85                           | 146                 | (4,237)                           |  | (3,045)                                |
| Increase (decrease) in cash and cash equivalents    |                   |                |                |                              |                     | 804                               |  | 804                                    |
| Cash and cash equivalents, beginning of period      |                   |                |                |                              |                     | 963                               |  | 963                                    |
| <b>Cash and cash equivalents, end of period</b>     | <b>\$</b>         | <b>\$</b>      | <b>\$</b>      | <b>\$</b>                    | <b>\$</b>           | <b>\$ 1,767</b>                   | <b>\$</b>  | <b>\$ 1,767</b>                        |

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**Comcast Corporation**  
**Condensed Consolidating Statement of Cash Flows**  
**For the Six Months Ended June 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 |
|--|-------------------|----------------|----------------|------------------------------|---------------------|-----------------------------------|--|--|
| Net cash provided by (used in) operating activities            | \$ (246)          | \$ (122)       | \$ (98)        | \$ (100)                     | \$                  | \$ 4,473                          | \$   | \$ 3,907                               |
| Financing Activities:  |                   |                |                |                              |                     |                                   |  |  |
| Proceeds from borrowings                                       | 575               |                |                |                              |                     | 15                                |  | 590                                    |
| Retirements and repayments of debt                             |                   | (600)          |                | (226)                        |                     | (494)                             |  | (1,320)                                |
| Repurchases of common stock                                    | (1,252)           |                |                |                              |                     |                                   |  | (1,252)                                |
| Issuances of common stock                                      | 334               |                |                |                              |                     |                                   |  | 334                                    |
| Other  | 6                 |                |                | (8)                          |                     | 54                                |  | 52                                     |
| Net cash provided by (used in) financing activities            | (337)             | (600)          |                | (234)                        |                     | (425)                             |  | (1,596)                                |
| Investing Activities:  |                   |                |                |                              |                     |                                   |  |  |
| Net transactions with affiliates                               | 584               | 722            | 98             | 334                          |                     | (1,738)                           |  |  |
| Capital expenditures   | (6)               |                |                |                              |                     | (3,052)                           |  | (3,058)                                |
| Cash paid for intangible assets                                |                   |                |                |                              |                     | (229)                             |  | (229)                                  |
| Acquisitions, net of cash acquired                             |                   |                |                |                              |                     | (770)                             |  | (770)                                  |
| Proceeds from sales of investments                             |                   |                |                |                              |                     | 1,288                             |  | 1,288                                  |
| Purchases of investments                                       |                   |                |                |                              |                     | (52)                              |  | (52)                                   |
| Proceeds from sales (purchases) of short-term investments, net |                   |                |                |                              |                     | 56                                |  | 56                                     |
| Other  | (36)              |                |                |                              |                     | 79                                |  | 43                                     |
| Net cash provided by (used in) investing activities            | 542               | 722            | 98             | 334                          |                     | (4,418)                           |  | (2,722)                                |
| Increase (decrease) in cash and cash equivalents               | (41)              |                |                |                              |                     | (370)                             |  | (411)                                  |
| Cash and cash equivalents, beginning of period                 | 77                |                |                |                              |                     | 1,162                             |  | 1,239                                  |
| <b>Cash and cash equivalents, end of period</b>                | <b>\$ 36</b>      | <b>\$</b>      | <b>\$</b>      | <b>\$</b>                    | <b>\$</b>           | <b>\$ 792</b>                     | <b>\$</b>  | <b>\$ 828</b>                          |

Table of Contents**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 entertainment and communications products and services. As of June 30, 2008, our cable systems served approximately 24.6 million video subscribers, 14.4 million high-speed Internet subscribers and 5.7 million phone subscribers and passed approximately 50.1 million homes in 39 states and the District of Columbia.

We classify our operations in two reportable segments: Cable and Programming. Our Cable segment, which generates approximately 95% of our consolidated revenue, 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. Our Programming segment consists primarily of our consolidated national programming networks, including E!, The Golf Channel, VERSUS, G4 and Style. Revenue from our Programming segment is earned primarily from the sale of advertising and from monthly per subscriber programming license fees.

Highlights and business developments for the six months ended June 30, 2008 include the following:

an increase in consolidated revenue of 12.2% to approximately \$16.9 billion and an increase in consolidated operating income of 21.1% to approximately \$3.3 billion

an increase in Cable segment revenue of 11.8% to approximately \$16.0 billion and an increase in operating income before depreciation and amortization of 11.7% to approximately \$6.5 billion, both driven by growth in subscribers, acquisitions and the success of our bundled offerings

the repurchase of approximately 101 million shares of our Class A and Class A Special common stock under our Board-authorized share repurchase program for approximately \$2.0 billion

the acquisition of cable systems serving Illinois and Indiana (approximately 696,000 video subscribers), as a result of the dissolution of Insight Midwest, LP (the Insight transaction), in January 2008

**Consolidated Operating Results**

|   | Three Months Ended |          | Increase/  | Six Months Ended |           | Increase/  |
|---|--------------------|----------|------------|------------------|-----------|------------|
|   | June 30            |          | (Decrease) | June 30          |           | (Decrease) |
| (in millions)   | 2008               | 2007     |            | 2008             | 2007      |            |
| <b>Revenue</b>  | \$ 8,553           | \$ 7,712 | 10.9%      | \$ 16,942        | \$ 15,100 | 12.2%      |
| Costs and expenses:   |                    |          |            |                  |           |            |
| Operating, selling, general and administrative expenses (excluding depreciation and amortization) | 5,202              | 4,700    | 10.7       | 10,417           | 9,325     | 11.7       |
| Depreciation  | 1,371              | 1,252    | 9.5        | 2,761            | 2,477     | 11.4       |
| Amortization  | 230                | 292      | (21.1)     | 459              | 569       | (19.1)     |
| <b>Operating income</b>   | 1,750              | 1,468    | 19.1       | 3,305            | 2,729     | 21.1       |
| Other income (expense) items, net   | (676)              | (439)    | 54.0       | (985)            | (341)     | 189.0      |
| Income before income taxes and minority interest  | 1,074              | 1,029    | 4.3        | 2,320            | 2,388     | (2.9)      |
| Income tax expense  | (455)              | (453)    | 0.5        | (963)            | (979)     | (1.6)      |
| Income before minority interest   | 619                | 576      | 7.3        | 1,357            | 1,409     | (3.7)      |

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|                   |               |               |             |                 |                 |               |
|-------------------|---------------|---------------|-------------|-----------------|-----------------|---------------|
| Minority interest | 13            | 12            | 19.4        | 7               | 16              | (50.4)        |
| <b>Net income</b> | <b>\$ 632</b> | <b>\$ 588</b> | <b>7.5%</b> | <b>\$ 1,364</b> | <b>\$ 1,425</b> | <b>(4.3)%</b> |

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

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### **Consolidated Revenue**

Our Cable and Programming segments accounted for substantially all of the increases in consolidated revenue for the three and six months ended June 30, 2008 compared to the same period in 2007. Cable segment revenue and Programming segment revenue are discussed separately below in Segment Operating Results. The remaining increases relate to our other business activities, primarily growth in Comcast Interactive Media and playoff game revenue generated by Comcast Spectacor's professional sports teams.

### **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 six months ended June 30, 2008 compared to the same periods in 2007. 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, and Comcast Spectacor.

### **Consolidated Depreciation and Amortization**

The increases in depreciation expense for the three and six months ended June 30, 2008 compared to the same periods in 2007 are primarily a result of the increase in property and equipment and the depreciation associated with the cable systems acquired in the Insight transaction.

The decreases in amortization expense for the three and six months ended June 30, 2008 compared to the same periods in 2007 are primarily due to the customer relationship intangible assets associated with the AT&T Broadband acquisition in 2002 being fully amortized.

### **Segment Operating Results**

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. Additionally, it is 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 business 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). 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 we have reported in accordance with GAAP.



**Table of Contents****Cable Segment Operating Results**

| (in millions)  | Three Months Ended<br>June 30 |                 | Increase/(Decrease) |              |
|--|-------------------------------|-----------------|---------------------|--------------|
|  | 2008                          | 2007            | \$                  | %            |
| Video  | \$ 4,726                      | \$ 4,465        | \$ 261              | 5.8%         |
| High-speed Internet  | 1,792                         | 1,589           | 203                 | 12.7         |
| Phone  | 640                           | 420             | 220                 | 52.3         |
| Advertising  | 399                           | 399             |                     | 0.7          |
| Other  | 316                           | 250             | 66                  | 25.7         |
| Franchise fees   | 227                           | 207             | 20                  | 9.2          |
| Revenue  | 8,100                         | 7,330           | 770                 | 10.5         |
| Operating expenses   | 2,898                         | 2,576           | 322                 | 12.5         |
| Selling, general and administrative expenses                 | 1,840                         | 1,723           | 117                 | 6.8          |
| <b>Operating income before depreciation and amortization</b> | <b>\$ 3,362</b>               | <b>\$ 3,031</b> | <b>\$ 331</b>       | <b>10.9%</b> |

| (in millions)  | Six Months Ended<br>June 30 |                 | Increase/(Decrease) |              |
|--|-----------------------------|-----------------|---------------------|--------------|
|  | 2008                        | 2007            | \$                  | %            |
| Video  | \$ 9,432                    | \$ 8,827        | \$ 605              | 6.9%         |
| High-speed Internet  | 3,542                       | 3,116           | 426                 | 13.7         |
| Phone  | 1,227                       | 773             | 454                 | 58.8         |
| Advertising  | 743                         | 712             | 31                  | 4.6          |
| Other  | 621                         | 492             | 129                 | 25.8         |
| Franchise fees   | 451                         | 408             | 43                  | 10.3         |
| Revenue  | 16,016                      | 14,328          | 1,688               | 11.8         |
| Operating expenses   | 5,807                       | 5,126           | 681                 | 13.3         |
| Selling, general and administrative expenses                 | 3,705                       | 3,378           | 327                 | 9.7          |
| <b>Operating income before depreciation and amortization</b> | <b>\$ 6,504</b>             | <b>\$ 5,824</b> | <b>\$ 680</b>       | <b>11.7%</b> |
| <b>Cable Segment Revenue</b>                                 |                             |                 |                     |              |

**Video**

Our video revenue continued 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 the cable systems acquired in the Insight transaction. During the six months ended June 30, 2008, we added approximately 814,000 digital cable subscribers. As of June 30, 2008, approximately 67% of our 24.6 million video subscribers subscribed to at least one of our digital cable services. During the six months ended June 30, 2008, the number of basic subscribers decreased by approximately 195,000 primarily due to increased competition in our service areas. Our average monthly video revenue per video subscriber increased during the six months ended June 30, 2008 to approximately \$64 from approximately \$61 as of December 31, 2007. The rate of this growth has slowed due to an increased number of subscribers participating in our bundled and promotional offers.

**High-Speed Internet**

The increases in high-speed Internet revenue for the three and six months ended June 30, 2008 compared to the same periods in 2007 reflect an increase in subscribers and the addition of the cable systems acquired in the Insight transaction. During the six months ended June 30, 2008, we added approximately 771,000 high-speed Internet subscribers. Average monthly revenue per subscriber has declined slightly as a result of an increased number of subscribers participating in our bundled offers and the introduction of new promotional offers and speed tiers.

**Phone**

Our phone revenue increased due to subscriber growth in our digital phone service, which was partially offset by the loss of circuit-switched phone subscribers. During the six months ended June 30, 2008, we added 1.2 million digital phone subscribers. The number of circuit-switched phone subscribers will continue to decrease as we phase out this service during 2008.



**Table of Contents*****Advertising***

Advertising revenue remained flat for the three months ended June 30, 2008 compared to the same period in 2007. The 2008 revenue amount includes revenue from the cable systems acquired in the Insight transaction and increased political advertising revenue. Absent these items, advertising revenue decreased, reflecting softness in the advertising marketplace, particularly in the automobile and housing-related sectors. The increase in advertising revenue for the six months ended June 30, 2008 compared to the same period in 2007 is primarily due to an increase in political advertising related to the U.S. primary elections, the addition of the cable systems acquired in the Insight transaction and an additional week in the broadcast advertising calendar.

***Other***

We also generate revenue from our regional sports and news networks, our digital media center, residential video installation services, interactive guide advertising, commissions from third-party electronic retailing and fees for other services. The increases in other revenue for the three and six months ended June 30, 2008 compared to the same periods in 2007 are primarily due to the regional sports network acquisitions of Comcast SportsNet Bay Area and Comcast SportsNet New England.

***Franchise Fees***

The increases in franchise fees collected from our cable subscribers for the three and six months ended June 30, 2008 compared to the same periods in 2007 are primarily due to the increases in our revenue upon which the fees apply.

**Cable Segment Operating Expenses**

Operating expenses increased during the three and six months ended June 30, 2008 compared to the same periods in 2007 primarily due to growth in the number of subscribers to our cable services and the addition of the cable systems acquired in the Insight transaction. 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 during the three and six months ended June 30, 2008 compared to the same periods in 2007 primarily due to growth in the number of subscribers to our cable services. The remaining increase was 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.

**Programming Segment Operating Results**

| (in millions)  | Three Months Ended<br>June 30 |              | Increase/(Decrease) |              |
|--|-------------------------------|--------------|---------------------|--------------|
|  | 2008                          | 2007         | \$                  | %            |
| Revenue  | \$ 366                        | \$ 334       | \$ 32               | 9.6%         |
| Operating, selling, general and administrative expenses      | 277                           | 259          | 18                  | 7.5          |
| <b>Operating income before depreciation and amortization</b> | <b>\$ 89</b>                  | <b>\$ 75</b> | <b>\$ 14</b>        | <b>16.8%</b> |

| (in millions)  | Six Months Ended<br>June 30 |               | Increase/(Decrease) |              |
|--|-----------------------------|---------------|---------------------|--------------|
|  | 2008                        | 2007          | \$                  | %            |
| Revenue  | \$ 729                      | \$ 636        | \$ 93               | 14.6%        |
| Operating, selling, general and administrative expenses      | 527                         | 496           | 31                  | 6.4          |
| <b>Operating income before depreciation and amortization</b> | <b>\$ 202</b>               | <b>\$ 140</b> | <b>\$ 62</b>        | <b>43.8%</b> |



**Table of Contents****Programming Segment Revenue**

The increase in revenue for the three months ended June 30, 2008 compared to the same period in 2007 is primarily a result of increases in advertising revenue, programming license fee revenue and international revenue. The increase in revenue for the six months ended June 30, 2008 compared to the same period in 2007 is primarily a result of increases in advertising revenue, including the impact of an additional week in the 2008 broadcast advertising calendar, programming license fee revenue and international revenue. For the three and six months ended June 30, 2008, approximately 12% of our Programming segment revenue was generated by our Cable segment. For the three and six months ended June 30, 2007, approximately 13% of our Programming segment revenue was generated by our Cable segment. These amounts are eliminated in our consolidated financial statements but are included in the amounts presented in the table above.

**Programming Segment Expenses**

Expense growth for the three and six months ended June 30, 2008 compared to the same periods in 2007 was favorably impacted by the timing of certain marketing and programming expenses, which are expected to be incurred in the second half of 2008.

**Consolidated Other Income (Expense) Items**

| (in millions)                                    | Three Months Ended |                 | Six Months Ended |                 |
|--|--------------------|-----------------|------------------|-----------------|
|  | June 30            |                 | June 30          |                 |
|  | 2008               | 2007            | 2008             | 2007            |
| Interest expense                                 | \$ (618)           | \$ (550)        | \$ (1,239)       | \$ (1,118)      |
| Investment income (loss), net                    | (70)               | 126             | 9                | 300             |
| Equity in net (losses) income of affiliates, net | (13)               | (16)            | (48)             | (37)            |
| Other income (expense)                           | 25                 | 1               | 293              | 514             |
| <b>Total</b>                                     | <b>\$ (676)</b>    | <b>\$ (439)</b> | <b>\$ (985)</b>  | <b>\$ (341)</b> |

**Interest Expense**

The increases in interest expense for the three and six months ended June 30, 2008 compared to the same periods in 2007 are primarily due to an increase in our average debt outstanding and early extinguishment costs associated with the repayment and redemption of certain debt obligations.

**Investment Income (Loss), Net**

The components of investment income (loss), net for the three and six months ended June 30, 2008 and 2007 are presented in a table in Note 5 to our consolidated financial statements.

**Other Income (Expense)**

Other income for the six months ended June 30, 2008 includes a gain of approximately \$235 million on the sale of our 50% interest in the Insight asset pool in connection with the Insight transaction (see Note 4). Other income for the six months ended June 30, 2007 includes a gain of approximately \$500 million on the sale of our 50% interest in the Kansas City asset pool in connection with the dissolution of Texas and Kansas City Cable Partners.

**Income Tax Expense**

Income tax expense for the three and six months ended June 30, 2008 and 2007 reflects income tax rates higher than the federal statutory rate primarily due to state income taxes and interest on uncertain tax positions. We expect our 2008 annual effective tax rate to be in the range of 40% to 45%.

**Liquidity and Capital Resources**

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Our businesses generate significant cash flows from operating activities. We believe that we will be able to meet our current and long-term liquidity and capital requirements, including fixed charges, through our cash flows from operating activities, existing cash, cash equivalents and investments; 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 flows to fund our capital expenditures, to invest in business opportunities and to return capital to investors through stock repurchases and dividends. The credit markets have been and continue to be volatile primarily due to difficulties in the residential mortgage markets and

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also due to the slowing economy. We do not hold any cash equivalents or short-term investments whose liquidity or value has been affected by these negative trends in the financial markets.

**Operating Activities**

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

| (in millions)  | Six Months Ended<br>June 30 |                 |
|--|-----------------------------|-----------------|
|  | 2008                        | 2007            |
| Operating income   | \$ 3,305                    | \$ 2,729        |
| Depreciation and amortization  | 3,220                       | 3,046           |
| Operating income before depreciation and amortization                    | 6,525                       | 5,775           |
| Noncash share-based compensation and contribution expense                | 123                         | 86              |
| Changes in operating assets and liabilities                              | (293)                       | (287)           |
| Cash basis operating income  | 6,355                       | 5,574           |
| Payments of interest   | (1,116)                     | (1,078)         |
| Payments of income taxes   | (355)                       | (647)           |
| Proceeds from interest, dividends received and other nonoperating items  | 59                          | 81              |
| Excess tax benefit under SFAS No. 123R presented in financing activities | (15)                        | (23)            |
| <b>Net cash provided by operating activities</b>                         | <b>\$ 4,928</b>             | <b>\$ 3,907</b> |

The increase in interest payments for the six months ended June 30, 2008 compared to the same period in 2007 was primarily due to an increase in our average debt outstanding. The decrease in income tax payments was primarily due to the Economic Stimulus Act of 2008, which resulted in a reduction in our tax payments of approximately \$315 million.

**Financing Activities**

Net cash used in financing activities for the six months ended June 30, 2008 consisted primarily of cash paid for the repurchase of approximately 100 million shares of our Class A and Class A Special common stock for \$2.0 billion, which represents the activity on a settlement date or cash basis, debt retirements and repayments of \$831 million, and dividend payments of \$185 million. These cash outflows were partially offset by cash proceeds from borrowings of \$2.0 billion.

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. In January 2008, we entered into an amended and restated revolving bank credit facility which may be used for general corporate purposes. This amendment increased the size of the credit facility from \$5.0 billion to \$7.0 billion and extended the maturity of the loan commitment from October 2010 to January 2013. As of June 30, 2008, amounts available under our facilities totaled approximately \$6.7 billion.

**Share Repurchase Program and Dividends**

As of June 30, 2008, the maximum dollar value of shares that may be repurchased under our Board-authorized share repurchase program was approximately \$4.9 billion. We plan to fully use our remaining share repurchase authorization by the end of 2009, subject to market conditions.

In February and May 2008, our Board of Directors approved quarterly dividends of \$0.0625 per share as part of our planned annual dividend of \$0.25 per share.

**Payments of 2008 Quarterly Dividends**

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| (in millions)                     | Payment Amount | Month of Payment |
|-----------------------------------|----------------|------------------|
| Three months ended March 31, 2008 | \$ 185         | April            |
| Three months ended June 30, 2008  | \$ 182         | July             |



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### **Investing Activities**

Net cash used in investing activities for the six months ended June 30, 2008 consisted primarily of cash paid for capital expenditures of \$2.7 billion, acquisitions of \$331 million, net of cash acquired, and cash paid for intangible assets of \$245 million. These cash outflows were partially offset by proceeds from sales of investments of \$320 million. Capital expenditures have been our most significant recurring investing activity and we expect that this will continue in the future.

In May 2008, Sprint Nextel entered into an agreement with Clearwire Corporation and an investor group made up of us, Intel, Google, Time Warner Cable and Bright House. Under this agreement, Sprint Nextel and Clearwire Corporation will combine their next-generation wireless broadband businesses to form an independent, publicly traded company called Clearwire that will focus on the deployment of a nationwide 4G wireless network. We, together with the other members of the investment group, have agreed to invest \$3.2 billion in Clearwire. Our portion of the investment is \$1.05 billion. This transaction is expected to close in late 2008 or early 2009.

### **Critical Accounting Judgments and Estimates**

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

We believe our judgments and related estimates associated with the valuation and impairment testing of our cable franchise rights and the accounting for income taxes and legal contingencies are critical in the preparation of our consolidated financial statements. We performed our annual impairment testing as of April 1, 2008 and no impairment charge was recorded.

For a full discussion of the accounting judgments and estimates that we have identified as critical in the preparation of our consolidated financial statements, please refer to our 2007 Annual Report on 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 2007 Annual Report on Form 10-K.

## **ITEM 4: CONTROLS AND PROCEDURES**

### **Conclusions Regarding Disclosure Controls and Procedures**

Our chief executive officer and our chief financial officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) 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.

**Table of Contents****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 2007 Annual Report on Form 10-K.

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

The table below summarizes our repurchases under our Board-authorized share repurchase program during the three months ended June 30, 2008.

**Purchases of Equity Securities**

| Period           | Total<br>Number<br>of Shares<br>Purchased | Average Price<br>Per Share | Total Number of<br>Shares Purchased as<br>Part of Publicly<br>Announced<br>Program | Total<br>Dollars<br>Purchased<br>Under<br>the Program | Maximum Dollar Value<br>of Shares That May<br>Yet Be Purchased<br>Under the Program(a) |
|------------------|---|----------------------------|--|---|--|
| April 1-30, 2008 |   | \$                         |  | \$  | \$ 5,906,133,015   |
| May 1-31, 2008   | 15,469,414                                | \$ 20.22                   | 14,874,681   | \$ 300,000,000  | \$ 5,606,133,015   |
| June 1-30, 2008  | 32,250,556                                | \$ 21.06                   | 33,248,416   | \$ 700,086,833  | \$ 4,906,046,182   |
| <b>Total</b>     | <b>48,719,970</b>                         | <b>\$ 20.79</b>            | <b>48,123,097</b>  | <b>\$ 1,000,086,833</b>                               | <b>\$ 4,906,046,182</b>  |

- (a) In 2007, the Board of Directors authorized a \$7 billion addition to the existing share repurchase program. Under the authorization, we may repurchase shares in the open market or in private transactions, subject to market conditions. As of June 30, 2008, the maximum dollar value of shares available under our Board-authorized share repurchase program was approximately \$4.9 billion. We plan to fully use our remaining share repurchase authorization by the end of 2009, subject to market conditions.

The total number of shares purchased during the three months ended June 30, 2008 includes 596,873 shares received in the administration of employee share-based compensation plans.

**Table of Contents****ITEM 4: SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

At our Annual Meeting of Shareholders on May 14, 2008, the shareholders approved, or did not approve, the following proposals, in each case consistent with the unanimous recommendations of our Board of Directors (numbers represent the aggregate votes cast, with holders of our Class A Common Stock entitled to 0.1384 votes per share and holders of our Class B Common Stock entitled to 15 votes per share):

To elect the following nominees to serve as our directors for one-year terms.

| Director             | For         | Withheld   |
|----------------------|-------------|------------|
| S. Decker Anstrom    | 368,258,436 | 11,170,944 |
| Kenneth J. Bacon     | 370,901,786 | 8,527,594  |
| Sheldon M. Bonovitz  | 370,777,654 | 8,651,726  |
| Edward D. Breen      | 370,761,472 | 8,667,908  |
| Julian A. Brodsky    | 370,528,773 | 8,900,607  |
| Joseph J. Collins    | 368,750,438 | 10,678,942 |
| J. Michael Cook      | 370,849,780 | 8,579,600  |
| Gerald L. Hassell    | 370,807,795 | 8,621,585  |
| Jeffrey A. Honickman | 370,919,748 | 8,509,632  |
| Brian L. Roberts     | 370,012,831 | 9,416,549  |
| Ralph J. Roberts     | 370,566,369 | 8,863,011  |
| Dr. Judith Rodin     | 368,711,569 | 10,717,811 |
| Michael I. Sovern    | 368,461,961 | 10,967,419 |

To ratify the appointment of Deloitte & Touche LLP as our independent auditors for the 2008 fiscal year.

| For         | Against   | Abstain   |
|-------------|-----------|-----------|
| 374,308,528 | 2,337,480 | 2,783,372 |

To approve the amended and restated 2002 Restricted Stock Plan.

| For         | Against    | Abstain   |
|-------------|------------|-----------|
| 331,451,474 | 14,760,964 | 2,915,928 |

To approve the amended and restated 2003 Stock Option Plan.

| For         | Against    | Abstain   |
|-------------|------------|-----------|
| 329,860,280 | 16,344,582 | 2,923,504 |

To adopt a recapitalization plan.

| For         | Against     | Abstain   |
|-------------|-------------|-----------|
| 102,437,505 | 241,091,921 | 5,598,940 |

To identify all executive officers who earn in excess of \$500,000.

| For        | Against     | Abstain   |
|------------|-------------|-----------|
| 13,065,387 | 332,245,848 | 3,817,131 |

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To require the nomination of two directors for every open directorship.

| For       | Against     | Abstain   |
|-----------|-------------|-----------|
| 9,696,716 | 331,338,974 | 8,092,676 |

To require a pay differential report.

| For        | Against     | Abstain   |
|------------|-------------|-----------|
| 11,805,899 | 330,827,694 | 6,494,773 |

To provide cumulative voting for Class A shareholders in the election of directors.

| For         | Against     | Abstain   |
|-------------|-------------|-----------|
| 101,256,346 | 244,873,195 | 2,998,825 |

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To adopt principles for comprehensive health care reform.

| For       | Against     | Abstain    |
|-----------|-------------|------------|
| 8,357,347 | 306,751,452 | 34,019,567 |

To require an annual vote on executive compensation.

| For        | Against     | Abstain   |
|------------|-------------|-----------|
| 70,334,142 | 270,217,679 | 8,576,545 |

## **ITEM 6: EXHIBITS**

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

- 10.1\* Comcast Corporation 2005 Deferred Compensation Plan, as amended and restated effective May 13, 2008.
- 10.2\* 2002 Employee Stock Purchase Plan, as amended and restated effective January 1, 2008.
- 31 Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32 Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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

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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: July 30, 2008