COMCAST CORP
Form 10-K
February 25, 2011
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FORM 10-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010
OR
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM TO
Commission file number 001-32871

COMCAST CORPORATION

(Exact name of registrant as specified in its charter)

PENNSYLVANIA	**27-0000798**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One Comcast Center, Philadelphia, PA	**19103-2838**
(Address of principal executive offices)	(Zip Code)

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

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Each Class	Name of Each Exchange on which Registered
Class A Common Stock, $0.01 par value	NASDAQ Global Select Market
Class A Special Common Stock, $0.01 par value	NASDAQ Global Select Market

2.0% Exchangeable Subordinated Debentures due 2029	New York Stock Exchange
5.50% Notes due 2029	New York Stock Exchange
6.625% Notes due 2056	New York Stock Exchange
7.00% Notes due 2055	New York Stock Exchange
7.00% Notes due 2055, Series B	New York Stock Exchange
8.375% Guaranteed Notes due 2013	New York Stock Exchange
9.455% Guaranteed Notes due 2022	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

NONE

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No ¨

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x

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 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K. x

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

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨ Small reporting company ¨

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ¨ No x

As of June 30, 2010, the aggregate market value of the Class A common stock and Class A Special common stock held by non-affiliates of the Registrant was $35.895 billion and $11.733 billion, respectively.

As of December 31, 2010, there were 2,071,820,901 shares of Class A common stock, 695,233,894 shares of Class A Special common stock and 9,444,375 shares of Class B common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III The Registrant s definitive Proxy Statement for its annual meeting of shareholders presently scheduled to be held in May 2011.

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Comcast Corporation

2010 Annual Report on Form 10-K

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This Annual Report on Form 10-K is for the year ended December 31, 2010. This Annual Report on Form 10-K modifies and supersedes documents filed before it. 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 Annual Report on Form 10-K. In addition, information that we file with the SEC in the future will automatically update and supersede information contained in this Annual Report on Form 10-K. Throughout this Annual Report on Form 10-K, we refer to Comcast Corporation as Comcast; Comcast and its consolidated subsidiaries, including NBCUniversal following the closing of our transaction on January 28, 2011, as we, us and our; and Comcast Holdings Corporation as Comcast Holdings.

Our registered trademarks include Comcast and the Comcast logo. This Annual Report on Form 10-K also contains other trademarks, service marks and trade names owned by us as well as those owned by others.

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Part 1

Item 1: Business

We are a leading provider of video, high-speed Internet and phone services (cable services) to residential and business customers in the United States. On January 28, 2011, we closed our transaction with General Electric Company (GE) in which we acquired control of the businesses of NBC Universal, Inc. (now named NBCUniversal Media, LLC (NBCUniversal)), a leading media and entertainment company that develops, produces and distributes entertainment, news, sports and other content to global audiences.

As of December 31, 2010, our cable systems served approximately 22.8 million video customers, 17.0 million high-speed Internet customers and 8.6 million phone customers and passed over 51 million homes and businesses in 39 states and the District of Columbia. We report the results of these operations as our Cable segment. In 2010, our Cable segment generated approximately 94% of our consolidated revenue. As of December 31, 2010, our Cable segment also included the operations of our regional sports and news networks. As of December 31, 2010, our Programming segment consisted primarily of our consolidated national cable programming networks, E!, Golf Channel, VERSUS, G4 and Style. We were incorporated under the laws of Pennsylvania in December 2001. Through our predecessors, we have developed, managed and operated cable systems since 1963.

As of December 31, 2010, our other business interests included Comcast Interactive Media and Comcast Spectacor. Comcast Interactive Media develops and operates our Internet businesses, including Comcast.net, Xfinity TV, Plaxo, Fandango and DailyCandy. Comcast Spectacor owns two professional sports teams, the Philadelphia 76ers and the Philadelphia Flyers, and a large, multipurpose arena in Philadelphia, the Wells Fargo Center, and provides facilities management and food services for sporting events, concerts and other events. Comcast Interactive Media, Comcast Spectacor and all other consolidated businesses not included in our Cable or Programming segments were included in Corporate and Other activities as of December 31, 2010.

For financial and other information about our reportable segments, refer to Note 19 to our consolidated financial statements included in this Annual Report on Form 10-K.

Available Information and Websites

Our phone number is (215) 286-1700, and our principal executive offices are located at One Comcast Center, Philadelphia, PA 19103-2838. The public may read and copy any materials we file with the SEC at the SEC s Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on

the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to such reports filed with or furnished to the SEC under Sections 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), are available free of charge on the SEC s website at www.sec.gov and on our website at www.comcast.com as soon as reasonably practicable after such reports are electronically filed with the SEC. The information posted on our website is not incorporated into our SEC filings.

General Developments of Our Businesses

In addition to the NBCUniversal transaction discussed below, the following are the more significant developments in our businesses during 2010:

- an increase in consolidated revenue of 6.1% to $37.9 billion and an increase in consolidated operating income of 10.6% to $8.0 billion

- an increase in Cable segment revenue of 5.6% to $35.8 billion and an increase in Cable segment operating income before depreciation and amortization of 6.4% to $14.6 billion an increase in Programming segment revenue of 11.8% to $1.7 billion and an increase in Programming segment operating income before depreciation and amortization of 20.6% to $469 million

the addition of 1.1 million high-speed Internet customers and 988,000 phone customers; and a decrease of 757,000 video customers

a reduction in Cable segment capital expenditures of 3.8% to $4.8 billion

the continued investment in our cable distribution system, including the ongoing transition from analog to digital transmission of the channels we distribute (our all digital conversion); the continued deployment of DOCSIS 3.0 wideband technology; expanding the offering of certain programming to our customers online; and the continued deployment of 4G wireless high-speed Internet service in certain markets

an increase in our total debt outstanding of $2.3 billion to $31.4 billion, which is primarily due to the issuance of $3.4 billion aggregate principal amount of notes, the proceeds of which were primarily used to repay debt at its maturity in 2010 and finance the NBCUniversal transaction in 2011

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- the repurchase of approximately 70 million shares of our Class A Special common stock under our share repurchase authorization for approximately $1.2 billion

- the declaration and payment of dividends of $1.1 billion

We operate our businesses in an intensely competitive environment. Competition for the cable services we offer primarily includes direct broadcast satellite (DBS) operators and phone companies. In 2010, our competitors for cable services continued to add features and adopt aggressive pricing and packaging for services that are comparable to the services we offer. A substantial portion of our Cable segment revenue comes from customers whose spending patterns may be affected by prevailing economic conditions.

NBCUniversal Transaction

On January 28, 2011, we closed our transaction with GE to form a new company named NBCUniversal, LLC (NBCUniversal Holdings). We now control and own 51% of NBCUniversal Holdings, and GE owns the remaining 49%. As part of the NBCUniversal transaction, GE contributed the businesses of NBCUniversal, which is now a wholly owned subsidiary of NBCUniversal Holdings. The NBCUniversal contributed businesses include its national cable programming networks, the NBC network and its owned NBC affiliated local television stations, the Telemundo network and its owned Telemundo affiliated local television stations, Universal Pictures filmed entertainment, the Universal Studios Hollywood theme park and other related assets. We contributed our national cable programming networks, our regional sports and news networks, certain of our Internet businesses, including DailyCandy and Fandango, and other related assets (Comcast Content Business). In addition to contributing the Comcast Content Business to NBCUniversal, we made a cash payment of $6.2 billion at the closing.

As a result of the NBCUniversal transaction, beginning in 2011 we expect to present five reportable segments, Cable Distribution (currently presented in our Cable segment), Cable Networks, Broadcast Networks, Filmed Entertainment and Theme Parks. Our Programming segment, our regional sports and news networks (currently presented in our Cable segment) and our contributed Comcast Interactive Media businesses (currently presented in Corporate and Other) will be presented with NBCUniversal s businesses in the new segments. The businesses of Comcast Interactive Media that were not contributed to NBCUniversal will be included in our Cable Distribution segment.

For more information about this transaction, refer to Note 21 to our consolidated financial statements included in this Annual Report on Form 10-K. For more information on the Federal Communications Commission (FCC) order and the Department of Justice consent decree related to the transaction, see Legislation and Regulation below. For more information on NBCUniversal, refer to Management s Discussion and Analysis of Financial Condition and Results of Operations.

Description of Our Businesses

Cable Segment

The table below summarizes certain customer and penetration data for our cable operations as of December 31.

(in millions)	**2010**	2009	2008	2007	2006
Homes passed[a]	**51.9**	51.2	50.6	48.5	45.7
Video					
Video customers[b]	**22.8**	23.6	24.2	24.1	23.4
Video penetration[c]	**43.9%**	46.0%	47.8%	49.6%	51.3%
Digital video customers[d]	**19.7**	18.4	17.0	15.2	12.1
Digital video penetration[d]	**86.6%**	78.2%	70.3%	63.1%	51.9%
High-speed Internet					
Available homes[e]	**51.5**	50.8	50.3	48.1	45.2
High-speed Internet customers	**17.0**	15.9	14.9	13.2	11.0
Penetration[c]	**33.0%**	31.4%	29.7%	27.5%	24.4%
Phone					
Available homes[e]	**49.8**	48.4	46.7	42.2	31.5
Phone customers	**8.6**	7.6	6.5	4.6	2.4
Penetration[c]	**17.3%**	15.7%	13.9%	10.8%	7.6%

Basis of Presentation: Information related to cable system acquisitions is included from the date acquired. Information related to cable systems sold or exchanged is excluded for all periods presented. All percentages are calculated based on actual amounts. Minor differences may exist due to rounding.

(a) Homes and businesses are considered passed (homes passed) if we can connect them to our distribution system without further extending the transmission lines. Homes passed is an estimate based on the best available information.

(b) Generally, a dwelling or commercial unit with one or more television sets connected to our distribution system counts as one video customer. In the case of some multiple dwelling units (MDU), we count video customers on an FCC equivalent basis by dividing total revenue received from a contract with an MDU by the standard residential rate where the specific MDU is located.

(c) Penetration is calculated by dividing the number of customers by the number of homes passed or available homes, as appropriate. The number of customers includes our residential and small and medium-sized business (business services) customers.

(d) Digital video customers are those who receive any level of video service via digital transmission through any means, including customers who receive a digital transmission as a result of our all digital conversion. A dwelling with one or more digital set-top boxes counts as one digital video customer. On average, as of December 31, 2010, each digital video customer had 2.5 digital set-top boxes, including digital transport adapters. Digital video penetration is calculated by dividing the number of digital video customers by total video customers.

(e) Homes and businesses are considered available (available homes) if we can connect them to our distribution system without further upgrading the transmission lines and if we offer the service in that area.

Cable Services

We offer a variety of services over our cable distribution system, including video, high-speed Internet and phone services. We market our cable services individually and in packages to both residential and business customers. Subscription rates and related charges vary according to the service selected and the type of equipment the customer uses, and customers typically pay us on a monthly basis. Residential customers may generally discontinue service at any time, while business customers may only discontinue service in accordance with the terms of their respective contracts, which typically have 1 to 3 year terms.

We are focusing our technology initiatives on extending the capacity and efficiency of our network, increasing the capacity and functionality of set-top boxes, developing and integrating cross-service features and functionality, and developing interactive Internet protocol-based services.

Video Services

Our video service offerings range from a limited analog service to a full digital service, as well as advanced services, which consist of high-definition television (HDTV) and digital video recorder (DVR). We tailor our video services for each cable distribution system serving a particular geographic area according to applicable local and federal regulatory requirements, programming preferences and demographics.

Our analog video services typically offer a limited basic service with access to between 20 and 40 channels of video programming. In substantially all of our footprint, we have converted our video services, other than limited basic service, exclusively to digital delivery, which allows us to recapture bandwidth and expand our video offerings. We refer to this as our all digital conversion. Our digital video services range from a digital economy service with access to approximately 50 channels of video programming to a full digital service with access to over 300 channels. Our video services generally include programming provided by national and local broadcast networks and by national and regional cable networks, as well as governmental and public access programming. Our digital video services generally include access to over 40 music channels, our On Demand service and an interactive, on-screen program guide. We also offer packages that include extensive amounts of foreign-language programming, and we offer other specialty tiers of programming with sports, family or international themes.

Our video customers may also subscribe to premium channel programming. Premium channels include cable programming networks such as HBO, Showtime, Starz and Cinemax, which generally offer, without commercial interruption, movies, original programming, live and taped sporting events, concerts and other special features.

Our On Demand service provides our digital video customers the opportunity to choose from a selection of up to 25,000 standard-definition and high-definition programming choices in select markets over the course of a month; start the programs at whatever time is convenient; and pause, rewind and fast-forward the programs. A substantial portion of our On Demand content is available to our digital video customers at no additional charge. Digital video customers subscribing to a premium channel generally have access to the premium channel s On Demand content without additional fees. Our On Demand service also includes fee-based selections that allow our video customers the opportunity to order individual new release and library movies and special-event programs, such as professional boxing, mixed martial arts, wrestling and concerts. We plan to continue expanding the number of On Demand choices, including HDTV programming.

Our HDTV service provides improved high-resolution picture quality, improved audio quality and a wide-screen format for customers who use HD-capable TV sets. Our HDTV service includes a broad selection of high-definition programming choices, including most major broadcast networks, leading national cable networks, premium channels and regional sports networks. In addition, our On Demand service provides HD video customers the opportunity to choose from a selection of up to 6,000 HDTV programming choices in select markets over the course of a month. Our DVR service lets digital video customers select, record and store programs and play them at whatever time is convenient. Our DVR service also provides the ability to pause and rewind live television. During 2010, we began to offer select programming in 3D format on the channels we distribute as well as On Demand, which allows customers with 3D capable TV sets and viewing glasses to view 3D programming.

During 2010, we also expanded our service capabilities so our video customers can view content and program listings and schedule and manage DVR recordings online or with alternative devices, such as the iPad.

High-Speed Internet Services

We offer high-speed Internet services with Internet access at downstream speeds of up to 105 Mbps, depending on the service selected and subject to geographic market availability. These services also include our Internet portal, Comcast.net, which provides multiple e-mail addresses and online storage, as well as a variety of content and value-added features and enhancements that are designed to take advantage of the speed of the Internet services we provide. Our high-speed Internet service for business customers also includes a website hosting service and an online tool that allows customers to share, coordinate and store documents.

Phone Services

We offer an interconnected Voice over Internet Protocol (VoIP) phone service that provides either usage-based or unlimited local and domestic long-distance calling and includes features such as voice mail, caller ID and call waiting. Our phone service for business customers also includes a business directory listing and the option to add multiple phone lines.

Advertising

As part of our programming license agreements with programming networks, we generally receive an allocation of scheduled advertising time that we may sell to local, regional and national advertisers. In most cases, the available advertising time is sold by our sales force. In some cases, we work with representation firms as an extension of our sales force to sell a portion of the advertising time allocated to us. We also coordinate the advertising sales efforts of other cable operators in some markets, and in some markets we operate advertising interconnects. These interconnects establish a physical, direct link among multiple providers for the sale of regional and national advertising across larger geographic areas than could be provided by a single cable operator. We are also beginning to deploy and are further developing technology for interactive advertising.

Regional Sports and News Networks

Our regional sports and news networks include Comcast SportsNet (Philadelphia), Comcast SportsNet Mid-Atlantic (Baltimore/Washington), Cable Sports Southeast, Comcast SportsNet Chicago, MountainWest Sports Network, Comcast SportsNet California (Sacramento), Comcast SportsNet New England (Boston), Comcast SportsNet Northwest (Portland), Comcast Sports Southwest (Houston), Comcast SportsNet Bay Area (San Francisco), New England Cable News (Boston), Comcast Network Philadelphia and Comcast Network Mid-Atlantic (Baltimore/Washington). These networks generate revenue from programming license agreements with multichannel video providers and through the sale of advertising. These networks were contributed to NBCUniversal at the close of the NBCUniversal transaction on January 28, 2011.

Other Revenue Sources

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

Sources of Supply

To offer our video services, we license a substantial portion of our programming and the associated On Demand offerings from broadcast and cable programming networks, and we generally pay a monthly fee for such programming on a per video subscriber, per channel basis. We attempt to secure long-term programming licenses with volume discounts and/or marketing support and incentives from these programming networks. We also license individual programs or packages of programs from programming suppliers for our On Demand service and for viewing online, generally under shorter-term agreements.

Our video programming expenses depend on the number of our video customers, the number of channels and programs we provide, and the programming license fees we are charged. We expect our video programming expenses to continue to be our largest single expense item and to continue to increase in the future.

We purchase from a limited number of suppliers a significant number of set-top boxes and network equipment and services that we use in providing our cable services.

For our high-speed Internet portal, Comcast.net, we license software products (such as e-mail and security software) and content (such as news feeds) from a variety of suppliers under contracts in which we generally pay on a fixed-fee basis, on a per subscriber basis in the case of software product licenses or on a video advertising revenue share basis in the case of content licenses.

To offer our phone services, we license software products (such as voice mail) from a variety of suppliers under multiyear contracts. The fees we pay generally are based on the consumption of the related services.

We use two vendors to provide our customer billing for our cable services.

Customer and Technical Services

We service our customers through local, regional and national call and technical centers. Call centers provide 24/7 call-answering capability, telemarketing and other services. Our technical services group performs various tasks, including installations, transmission and distribution plant maintenance, plant upgrades, and activities related to customer service.

Technology

Our cable distribution system employs a network architecture of hybrid fiber coax that we believe is sufficiently flexible and scalable

to support our future technology requirements. This network allows the two-way delivery of transmissions, which is essential to providing interactive video services, such as On Demand, and high-speed Internet and phone services.

We continue to work on technology initiatives, including:

- developing cross-service functionality that integrates key features of two or more of our services (such as universal caller ID and a remotely programmable DVR)

- deploying multiple tools to recapture bandwidth and optimize our network, including transitioning from analog to digital transmission as part of our all digital conversion, increasing the number of nodes in a service area, and using advanced video encoding and digital compression technologies developing technology and software to better identify problems with our cable services and to allow for better integration of our software with third party software

working with members of CableLabs, a nonprofit research and development consortium founded by members of the cable industry, to develop and integrate a common software platform, known as tru2way, that enables cable companies, content developers, network programmers, consumer electronics companies and others to extend interactivity to the TV set and other types of devices

developing wireless options to extend our services outside the home to provide mobility and create new features that are integrated with our services, including through our relationship with Clearwire and the deployment of Wi-Fi in portions of our service areas

offering of certain programming to our customers online through Xfinity TV

enabling various consumer electronic devices, including computers, tablets, connected TVs and smartphones, to search, control and display the content and video services we provide

Sales and Marketing

We offer our products and services directly to residential and business customers through our call centers, door-to-door selling, direct mail advertising, television advertising, Internet advertising, local media advertising, telemarketing and retail outlets. We also market our video, high-speed Internet and phone services individually and as bundled services.

Competition

We operate our businesses in an intensely competitive environment. Our cable services compete with a number of different companies that offer a broad range of services through increasingly diverse means. Competition for the cable services we offer

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primarily includes DBS operators and phone companies. In 2010, our competitors continued to add features and adopt aggressive pricing and packaging for services that are comparable to the services we offer. In addition, phone companies have continued to expand their service areas, which now overlap a substantial portion of our service areas. These competitive factors have had an impact on and are likely to continue to negatively affect our results of operations. In addition, we operate in a technologically complex environment where the use of certain types of technology may provide our competitors with a competitive advantage and where new technologies are likely to increase the number of competitors we face for our cable services and our cable advertising business. We expect advances in communications technology, as well as changes in the marketplace, to continue in the future, and we are unable to predict what effects these developments may have on our businesses and operations.

Video Services

We compete with a number of different sources that provide news, sports, information and entertainment programming to consumers, including:

- DBS providers that transmit satellite signals containing video programming, data and other information to receiving dishes located on the customer s premises
- certain phone companies that have built and are continuing to build wireline fiber-optic-based networks, in some cases using Internet protocol technology, that provide video and high-speed Internet services in substantial portions of our service areas; these phone companies also market DBS video services in certain areas where they provide only phone and high-speed Internet service
- other providers that build and operate wireline communications systems in the same communities that we serve, including those operating as franchised cable operators
- satellite master antenna television (SMATV) systems that generally serve MDUs, office complexes, and residential developments
- online services that offer Internet video streaming and distribution of movies, television shows and other video programming

In recent years, Congress has enacted legislation and the FCC has adopted regulatory policies intended to provide a favorable operating environment for existing competitors and for potential new competitors to our cable services. The FCC adopted rules favoring new investment by certain phone companies in networks capable of distributing video programming and rules allocating and auctioning spectrum for new wireless services that may compete

with our video service offerings. Furthermore, the FCC and various state governments have adopted measures that reduce or eliminate local franchising requirements for new entrants into the multichannel video marketplace, including phone companies. Certain of these franchising entry measures have already been adopted in many states in which we operate. We believe that we have been and continue to be disadvantaged as a result of these regulatory changes, which apply less burdensome standards to certain types of our competitors (see Legislation and Regulation below).

Direct Broadcast Satellite Systems

According to recent government and industry reports, conventional medium-power and high-power satellites provide video programming to approximately 41 million subscribers in the United States. DBS providers with high-power satellites typically offer more than 280 channels of programming, including video services substantially similar to our video services. Two companies, DIRECTV and DISH Network, provide service to substantially all of these DBS subscribers.

High-power satellite service can be received throughout the continental United States through small rooftop or side-mounted outdoor antennas. Satellite systems use video compression technology to increase channel capacity and digital technology to improve the quality and quantity of the signals transmitted to DBS subscribers. Our digital video services are competitive with the programming, channel capacity and quality of signals currently delivered to subscribers by DBS providers.

Federal law generally provides DBS providers with access to cable-affiliated video programming services delivered by satellite. DBS providers also have marketing arrangements with certain phone companies in which the DBS provider s video services are sold together with the phone company s high-speed Internet and phone services.

Phone Companies

Certain phone companies, in particular AT&T and Verizon, have built and continue to build fiber-optic-based networks to provide cable services similar to ours, which now overlap a substantial portion of our service areas. In some areas, this expansion has been accelerated by certain regulatory authorities adopting new rules designed to ease the franchising process and reduce franchising burdens for new providers of video services and by some phone companies claiming that they can provide their video services without a local cable franchise (see Legislation and Regulation below). In some areas, these phone companies also have marketing arrangements with DBS providers in which their high-speed Internet and phone services are sold together with a DBS provider s video services**.**

Other Wireline Providers

Federal law prohibits franchising authorities from unreasonably denying requests for additional franchises, and it permits franchising authorities to operate cable systems. In addition to phone companies, various other companies, including those that traditionally have not provided cable services and have substantial financial resources (such as public utilities, including those that own some of the poles to which our cables are attached), have obtained cable franchises and provide competing cable services. These and other cable systems offer cable services in various areas where we hold franchises. We anticipate that facilities-based competitors may emerge in other franchise areas that we serve.

Satellite Master Antenna Television Systems

Our cable services also compete for customers with SMATV systems. SMATV system operators typically are not subject to regulation in the same manner as local, franchised cable system operators. SMATV systems offer customers both improved reception of local television broadcast stations and much of the programming offered by our cable systems. In addition, some SMATV system operators offer packages of video, Internet and phone services to residential and commercial developments.

Other Competitors

Our cable services also may compete to some degree for customers with other companies, such as:

- online services that offer Internet video streaming and distribution of movies, television shows and other video programming
- local television broadcast stations that provide multiple channels of free over-the-air programming
- wireless and other emerging mobile technologies that provide for the distribution and viewing of video programming
- video rental services and home video products

High-Speed Internet Services

We compete with a number of companies offering Internet services, many of which have substantial resources, including:

- wireline phone companies
- Internet service providers
- wireless phone companies and other providers of wireless Internet service
- power companies

Digital subscriber line (DSL) technology allows Internet access to be provided to customers over phone lines at data transmission speeds substantially greater than those of dial-up modems. Phone companies and certain other companies offer DSL service, and several of these companies have increased transmission speeds, lowered prices or created bundled service packages. In addition, some phone companies, such as AT&T and Verizon, have built and are continuing to build fiber-optic-based networks that allow them to provide data transmission speeds that exceed those that can be provided with DSL technology and are now offering these higher speed services in many of our service areas. The FCC has reduced the obligations of phone companies to offer their broadband facilities on a wholesale or retail basis to competitors, and it has freed their DSL services of common carrier regulation.

Various wireless companies are offering Internet services using a variety of types of networks, including 3G and 4G wireless high-speed data networks (which employ LTE, WiMax and other technology standards) and Wi-Fi Internet networks. These networks work with devices such as wireless data cards and wireless embedded devices, such as handsets, laptops and tablets. Some of these services are similar to ours. In addition, a growing number of commercial venues, such as retail malls, restaurants and airports, offer Wi-Fi Internet service. Numerous local governments are also considering or actively pursuing publicly subsidized Wi-Fi and other Internet access networks.

Phone Services

Our phone services compete against wireline phone companies, including competitive local exchange carriers (CLECs), wireless phone service providers and other VoIP service providers. Certain phone companies, such as AT&T and Verizon, have substantial capital and other resources, longstanding customer relationships and extensive existing facilities and network rights-of-way. A few CLECs also have existing local networks and significant financial resources.

Advertising

We compete for the sale of advertising against a wide variety of media, including local television broadcast stations, national television broadcast networks, national and regional cable programming networks, local radio broadcast stations, local and regional newspapers, magazines and websites.

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Programming Segment

As of December 31, 2010, our Programming segment consisted primarily of our consolidated national cable programming networks. The businesses in our Programming segment were contributed to NBCUniversal at the close of the NBCUniversal transaction on January 28, 2011. The table below presents a summary of our consolidated national cable programming networks.

Programming Network	Approximate U.S. Subscribers at December 31, 2010 (in millions)[(a)]	Description of Programming
E!	98	Entertainment and pop culture
Golf Channel	83	Golf competition and golf entertainment
VERSUS	75	Sports and leisure
Style	66	Lifestyle
G4	59	Gamer lifestyle

(a) Subscriber data based on The Nielsen Company s January 2011 report, which covers that period from December 15, 2010 through December 21, 2010.

Revenue from our programming networks is primarily generated from monthly per subscriber license fees paid by multichannel video providers that have typically entered into multiyear contracts to distribute our programming networks, the sale of advertising and the licensing of our programming internationally. To obtain long-term contracts with distributors, we may make cash payments, provide an initial period in which license fee payments are waived or do both. Our programming networks assist distributors with ongoing marketing and promotional activities to acquire and retain customers. Although we believe prospects of continued carriage and marketing of our programming networks by larger distributors are generally good, the loss of one or more of such distributors could have a material adverse effect on our programming networks.

Our programming networks often produce their own television programs and broadcasts of live events. This often requires us to acquire the rights to the content that is used in such productions (such as rights to screenplays or sporting events). In other cases, our programming networks license the cable telecast rights to television programs produced by third parties.

Other Businesses

Our other business interests include Comcast Interactive Media and Comcast Spectacor. Comcast Interactive Media develops and operates our Internet businesses focused on entertainment, information and communication, including Comcast.net, Xfinity TV, Plaxo, DailyCandy and Fandango. DailyCandy and Fandango were contributed to NBCUniversal at the close of the NBCUniversal transaction on January 28, 2011. Comcast Spectacor owns two professional sports teams, the Philadelphia 76ers and the Philadelphia Flyers, and a large, multipurpose arena in Philadelphia, the Wells Fargo Center, and provides facilities management and food services for sporting events, concerts and other events.

We own noncontrolling interests in certain networks and content providers, including iN DEMAND (54%), Music Choice (12%) and Pittsburgh Cable News Channel (30%). We also own noncontrolling interests in FEARnet (31%), PBS KIDS Sprout (40%), TV One (34%), Houston Regional Sports Network, L.P. (23%), and SportsNet New York (8%), which were all contributed to NBCUniversal at the close of the NBCUniversal transaction on January 28, 2011. In addition, we have noncontrolling interests in wireless-related companies, including Clearwire Communications LLC (9%) and SpectrumCo, LLC (64%).

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NBCUniversal

As a result of the NBCUniversal transaction, NBCUniversal has become a consolidated subsidiary of ours. Below is a summary of NBCUniversal s businesses prior to the closing of the transaction.

Cable Networks

NBCUniversal s cable networks business operates a diversified portfolio of 11 national cable programming networks, more than 60 international channels, and digital media properties consisting primarily of brand-aligned and other websites. The table below presents a summary of NBCUniversal s national cable programming networks.

Programming Network	Approximate U.S. Subscribers at December 31, 2010 (in millions)[a]	Description of Programming
USA Network	100	General entertainment
SyFy	98	Imagination-based entertainment
CNBC	98	Business and financial news
MSNBC	95	24 hour news
Bravo	94	Entertainment, culture and arts
Oxygen	76	Women s interests
Chiller	41	Horror and suspense
CNBC World	39	Global financial news
Sleuth	37	Crime, mystery and suspense
mun2	36	Diverse, youth-oriented entertainment for bicultural Latinos
Universal HD	22	HD general entertainment programming

(a) Subscriber data based on The Nielsen Company s January 2011 report, which covers that period from December 15, 2010 through December 21, 2010, except for Universal HD, which was derived from information provided by multichannel video providers.

NBCUniversal s cable networks business develops its own programs or acquires rights from third parties. NBCUniversal s cable networks business also has a production studio, which creates and produces original content for cable television and other media platforms, both for NBCUniversal s cable programming networks and those of third parties. NBCUniversal distributes this content to all forms of television and digital media platforms, including broadcast, cable and pay television networks and through home video and various digital formats, both in the United States and internationally.

Revenue from NBCUniversal s cable networks business consists primarily of (i) distribution revenue from multichannel video providers and advertising revenue from the sale of commercial time on its cable programming networks and related digital media properties and (ii) cable television production revenue, which includes content licensing and other revenue generated from the exploitation of its owned programming in the United States and internationally, as well as revenue from the sale of its owned programming on standard-definition digital video discs and Blu-ray discs (together, DVDs), through digital media platforms and from the licensing of its brands for consumer products.

Broadcast Networks

NBCUniversal operates the NBC and Telemundo broadcast networks, which together serve audiences and advertisers in all 50 states, including the largest U.S. metropolitan areas. NBCUniversal s broadcast networks business also includes its owned and operated NBC and Telemundo local television stations, its television production operations and its related digital media properties. Revenue from the broadcast networks consists primarily of (i) advertising revenue from the sale of commercial time on broadcast networks, owned local television stations and related digital media properties and (ii) broadcast television production revenue, which includes content licensing and other revenue generated from the exploitation of its owned programming in the United States and internationally, as well as revenue from the sale of its owned programming on DVDs, through digital media platforms and from the licensing of its brands for consumer products. In the past, NBCUniversal typically realized in-kind value for retransmission rights of its owned local television stations in the form of more attractive distribution terms for its cable programming networks. Market trends are moving toward direct monetary compensation for these retransmission rights.

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NBC Network

The NBC Network s programs reach viewers in virtually all U.S. television households through more than 200 affiliated stations across the United States. NBCUniversal owns and operates 10 NBC affiliated local broadcast television stations. In addition, NBCUniversal operates various websites that extend its brands and content online.

The NBC Network produces its own programs or acquires broadcast rights from third parties. Its broadcast television production studio creates and produces original content, including scripted and unscripted series, talk shows and digital media projects that are sold to broadcast networks, cable networks, local television stations and other media platforms owned by NBCUniversal and third parties. It also produces first-run syndicated shows, which are programs for initial exhibition on local television stations in the United States on a market-by-market basis, without prior exhibition on a network.

NBCUniversal distributes the content it produces to all forms of television and digital media platforms, including broadcast, cable and pay television networks and through home video and various digital formats, both in the United States and internationally. In the United States, it currently distributes some of its programs after their exhibition on a broadcast network, as well as older television programs from its library, to its owned local television stations and cable networks in the off-network syndication market. NBCUniversal s television library consists of rights of varying nature to more than 100,000 episodes of popular television content, including current and classic titles, non-scripted programming, sports, news, long- and short-form programming and locally produced programming from around the world. NBCUniversal also has various contractual commitments for the licensing of rights for multiyear programming, including sports programming rights with the National Football League (NFL) and the Olympics in 2012.

NBC Owned Local Television Stations

NBCUniversal owns and operates 10 affiliated local television stations, which collectively reached approximately 31 million U.S. television households, representing approximately 27% of all U.S. television households, as of December 31, 2010. The table below presents a summary of the NBC affiliated local television stations owned and operated by NBCUniversal.

DMA Served[a]	Station	General Market Rank[b]
New York, NY	WNBC	1
Los Angeles, CA	KNBC	2
Chicago, IL	WMAQ	3
Philadelphia, PA	WCAU	4
Dallas-Fort Worth, TX	KXAS[c]	5
San Francisco-Oakland-San Jose, CA	KNTV	6
Washington, D.C.	WRC	9
Miami-Ft. Lauderdale, FL	WTVJ	16
San Diego, CA	KNSD[c]	28
Hartford, CT	WVIT	30

(a) Designated market area (DMA) served is defined by Nielsen Media Research as a geographic market for the sale of national spot and local advertising time.

(b) General market rank is as of December 31, 2010 and is based on the relative size of the DMA among the 210 generally recognized DMAs in the United States based on Nielsen estimates for the 2010-2011 season.

(c) Owned through a joint venture with LIN TV Corp.

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Telemundo

NBCUniversal owns Telemundo Communications Group (Telemundo), a leading Hispanic media company that produces, acquires and distributes Spanish-language content in the United States and internationally. Telemundo s operations include the Telemundo Network. Telemundo owns and operates 14 stations affiliated with the Telemundo Network. Telemundo also owns and operates a local television station in Puerto Rico and an independent, non-affiliated Spanish-language local television station in the Los Angeles DMA, which was placed into a divestiture trust on January 28, 2011. The table below presents a summary of these owned television stations, which collectively reached approximately 57% of U.S. Hispanic television households as of December 31, 2010.

DMA Served[(a)]	Station	Hispanic Market Rank[(b)]
Los Angeles, CA	KVEA, KWHY[(c)]	1
New York, NY	WNJU	2
Miami, FL	WSCV	3
Houston, TX	KTMD	4
Dallas-Fort Worth, TX	KXTX	5
Chicago, IL	WSNS-TV	6
Phoenix, AZ	KTAZ	7
San Antonio, TX	KVDA[(d)]	8
San Francisco-Oakland-San Jose, CA	KSTS	9
Fresno, CA	KNSO[(d)]	13
Denver, CO	KDEN	15
Las Vegas, NV	KBLR	22
Boston, MA	WNEU[(d)]	24
Tucson, AZ	KHRR	25
Puerto Rico	WKAQ	

(a) DMA served is defined by Nielsen Media Research as a geographic market for the sale of national spot and local advertising time.

(b) Hispanic market rank is based on the relative size of the DMA among approximately 13 million U.S. Hispanic households as of December 31, 2010.

(c) Independent Spanish-language television station placed into a divestiture trust on January 28, 2011; it is no longer managed by NBCUniversal.

(d) Operated by a third party that provides certain non-network programming and operations services under a time brokerage agreement.

Filmed Entertainment

NBCUniversal s filmed entertainment business produces, acquires, markets and distributes filmed entertainment and stage plays worldwide in various media formats for theatrical, home entertainment, television and other distribution platforms. It offers a diverse mix of internally developed titles, coproductions and acquisitions. Its content consists of theatrical films, direct-to-video titles and its film library, comprised of approximately 4,000 titles representing a wide variety of genres. It distributes filmed entertainment globally through theatrical releases, DVDs, television and, increasingly, other digital media formats.

NBCUniversal s filmed entertainment business produces films both on its own and jointly with other studios or production companies, as well as with other entities. Its films are produced under both the Universal Pictures and Focus Features names. Its films are marketed and distributed worldwide primarily through NBCUniversal s own marketing and distribution companies. It also acquires distribution rights to films produced by others, which may be limited to particular geographic regions, specific forms of media or certain periods of time. NBCUniversal generally retains all rights relating to the worldwide distribution of its internally produced films, including rights for theatrical exhibition, home entertainment distribution, pay and advertising-supported television exhibition and other media.

After their theatrical premiere, NBCUniversal distributes its films for home entertainment use on DVD and in various digital formats. NBCUniversal also licenses its films for distribution on broadcast, cable, satellite and pay television channels and video on demand in both U.S. and international markets.

Revenue from NBCUniversal s filmed entertainment business consists primarily of (i) theatrical revenue derived from the worldwide theatrical release of owned and acquired films; (ii) home entertainment revenue, which consists of the license or sale of owned and acquired films, including theatrical releases and direct-to-video releases, to retail stores and through digital media platforms; and (iii) television licensing revenue, which is primarily derived from the licensing of owned and acquired films to pay and advertising-supported television distribution platforms. It also generates revenue from distributing third parties filmed entertainment, producing stage plays, publishing music and licensing consumer products.

Theme Parks

NBCUniversal s theme parks business consists primarily of its Universal Studios Hollywood theme park, Wet n Wild water park and fees from intellectual property licenses and other services from third parties that own and operate Universal Studios Japan and Universal Studios Singapore. It also has a 50% equity interest in,

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and receives special and other fees from, Universal City Development Partners, which owns Universal Studios Florida and Universal s Islands of Adventure.

Revenue from NBCUniversal s theme parks business depends primarily on theme park attendance; per capita spending, which consists of ticket price and in-park spending on food, beverage and merchandise; and management, licensing and other fees.

Other Interests

NBCUniversal also has noncontrolling interests in certain cable programming networks and related businesses, including MSNBC.com (50% joint venture with Microsoft), Hulu (32%), The Weather Channel (25%) and A&E Television Networks LLC (16%), which owns and operates, among other channels, A&E, The History Channel, The Biography Channel and Lifetime.

Competition

The discussion below describes the competition facing our Programming segment, our regional sports and news networks, and the NBCUniversal contributed businesses.

Cable and Broadcast Networks

Our national cable programming networks, our regional sports and news networks, and NBCUniversal s cable programming and broadcast networks and owned local television stations compete for viewers attention and audience share with all forms of programming provided to viewers, including broadcast networks, local television broadcast stations, pay and other cable networks, home entertainment, pay-per-view and video services, online activities, including Internet streaming and downloading and websites providing social networking and user-generated content, and other forms of entertainment, news and information services. In addition, our national cable programming networks, our regional sports and news networks, and NBCUniversal s cable and broadcast networks and owned local television stations compete for advertising revenue with other national and local media, including other television networks, television stations, online and mobile outlets, radio stations and print media.

Our national cable programming networks, our regional sports and news networks, and NBCUniversal s cable programming and broadcast networks and owned local television stations also compete for the acquisition of programming, including sports programming, as well as for on-air and creative talent, with other cable and broadcast networks and local television stations. The market for programming is very competitive, particularly for sports programming. NBC Sports has a programming rights agreement with the NFL to produce and broadcast a specified number of regular season and playoff games, including NBC s Sunday Night Football through the 2013-2014 season, the 2012 Super Bowl and the 2012, 2013 and 2014 Pro Bowls. NBC Sports, Golf

Channel, VERSUS and our regional sports networks also have rights of varying scope and duration to various sporting events, including certain PGA TOUR Golf events and National Hockey League (NHL) games. In addition, NBC Sports has been the continuous home of the Summer Olympic Games since 1988 and the Winter Olympic Games since 2002. NBC Sports owns the broadcast rights for the 2012 London Olympic Games. There can be no assurance whether NBC Sports will submit a bid to continue the rights for the Olympics and whether any bid would be accepted by the International Olympic Committee. In addition, the production divisions of NBCUniversal s businesses compete with other production companies and creators of content for the acquisition of story properties, creative and technical personnel, exhibition outlets and consumer interest in their products.

Our national cable programming networks, our regional sports and news networks, and NBCUniversal s cable programming networks compete with other cable networks for distribution by multichannel video providers. NBCUniversal s broadcast networks compete with the other broadcast networks to secure affiliations with independently owned television stations in markets across the country, which are necessary to ensure the effective distribution of network programming to a nationwide audience.

Filmed Entertainment

NBCUniversal s filmed entertainment business competes for audiences for its films and other entertainment content with other major studios, and, to a lesser extent, with independent film producers, as well as with alternative forms of entertainment. Its competitive position primarily depends on the number of films produced, their distribution and marketing success, and consumer response. The filmed entertainment business also competes to obtain creative and technical talent, including writers, actors, directors and producers, and scripts for films. NBCUniversal s filmed entertainment business also competes with the other major studios and other producers of entertainment content for distribution of their products through various exhibition and distribution outlets and on digital media platforms.

Theme Parks

NBCUniversal s theme parks business competes with other highly capitalized, multi-park entertainment companies. It also competes with other forms of entertainment, lodging, tourism and recreational activities.

Seasonality

Advertising revenue in our Cable and Programming segments and NBCUniversal s businesses is subject to seasonal advertising patterns and changes in viewership levels. U.S. advertising revenue is generally higher in the second and fourth calendar quarters of each year, due in part to increases in consumer advertising in the spring and in the period leading up to and including the holiday season. U.S. advertising revenue is also cyclical, benefiting in even-numbered years from advertising placed by candidates for political office and issue-oriented advertising and from increased demand for advertising time in Olympic broadcasts. Revenue also fluctuates due to the timing and performance of theatrical, home entertainment and television releases, and due to seasonal increases in theme park attendance.

Legislation and Regulation

Our businesses, including NBCUniversal s businesses, are subject to regulation by federal, state, local and foreign authorities under applicable laws and regulations, as well as under agreements we enter into with franchising authorities. In addition, our businesses are subject to compliance with the terms of the FCC Order approving the NBCUniversal transaction (the NBCUniversal Order) and a consent decree entered into between us, the Department of Justice and five states (the NBCUniversal Consent Decree).

The Communications Act of 1934, as amended (the Communications Act), and FCC regulations and policies affect significant aspects of our businesses, including cable system and broadcast station ownership, video services customer rates, carriage of broadcast television stations, broadcast programming content and advertising, how we package our programming to customers and other providers, access to cable system channels by franchising authorities and other parties, the use of utility poles and conduits, and our high-speed Internet and phone services.

Legislators and regulators at all levels of government frequently consider changing, and sometimes do change, existing statutes, rules, or interpretations of existing statutes or rules, or prescribe new ones. We are unable to predict any such changes, or how any such changes will ultimately affect the regulation of our businesses. In addition, we always face the risk that Congress or one or more states will approve legislation significantly affecting our businesses. The following paragraphs describe existing and potential future legal and regulatory requirements for our businesses, including those of NBCUniversal.

NBCUniversal Order and NBCUniversal Consent Decree

In connection with the NBCUniversal transaction, the NBCUniversal Order and the NBCUniversal Consent Decree incorporated numerous commitments and voluntary conditions made by us and imposed numerous conditions on our businesses relating to the treatment of competitors and other matters. Among other things, (i) we are required to make certain of our cable, broadcast and film programming available to bona fide online video distributors under certain conditions, and they may invoke commercial arbitration to

determine what programming must be made available and the price, terms and conditions that apply; (ii) multichannel video programming distributors (MVPD) may invoke commercial arbitration to determine the price, terms and conditions for access to our broadcast stations, cable networks and regional sports networks; (iii) we are prohibited from discriminating against cable programming networks on the basis of their non-affiliation in the selection, terms or conditions for carriage, under a standard that is comparable to existing law; (iv) we must comply with the FCC s open Internet rules regardless of whether these rules are invalidated in court or otherwise rescinded, and those rules will apply to any set-top box we provide that enables a customer to receive high-speed Internet services; (v) we must satisfy various other conditions relating to our high-speed Internet services, including deploying broadband to certain unserved areas, implementing a program to improve high-speed Internet adoption among lower-income households, offering all our customers a stand-alone high-speed Internet service, and maintaining a high-speed Internet service of at least 12 megabits per second across most of our footprint; and (vi) we must renew our distribution agreement with Hulu if the two other broadcast network owners of Hulu also renew their agreements, and we must relinquish all voting rights and our board seat in Hulu. These and other conditions and commitments relating to the NBCUniversal transaction are of varying duration, ranging from three to seven years. Although we cannot predict how the conditions will be administered or what effects they will have on our businesses, we do not expect them to have a material adverse effect on our business or results of operations. The NBCUniversal Consent Decree is subject to a review process in federal district court, whereby the court must determine whether entry of the consent decree is in the public interest.

Cable Services

Video Services

Ownership Limits

We currently serve approximately 23.1% of the subscribers served by MVPDs nationwide. In August 2009, a federal appellate court struck down an FCC order that had established a 30% limit on the percentage of MVPD subscribers that any single cable operator could serve nationwide. While there is currently no limit on the number of video subscribers that a single cable operator can serve nationwide, the FCC may initiate consideration of a new limit. However, even without the adoption of a new limit, federal regulators (including the FCC and the Federal Trade Commission (FTC) and/or the Department of Justice) could refuse to approve certain transactions that increase the number of video subscribers we serve.

The FCC is assessing whether to revise a limit on the number of affiliated programming channels that a cable operator may carry on a cable system. The FCC s previous limit of 40% of the first 75 channels carried on a cable system was struck down by a federal appellate court in 2001, though the FCC continues to enforce it. The FCC previously clarified that, under the 40% limit, cable systems with 75 or more channels must carry at least 45 unaffiliated channels. Our cable systems routinely carry more than 45 unaffiliated channels, and, as of the date of this Annual Report on Form 10-K, comply with the 40% limit. Compliance could become more difficult depending on what rules, if any, the FCC adopts.

Pricing and Packaging

The Communications Act and FCC regulations limit the prices that cable operators may charge for basic video service, equipment and installation. These rules do not apply to cable systems that the FCC determines are subject to effective competition, or where franchising authorities have chosen not to regulate rates. As a result, 74% of our video customers are not subject to rate regulation, and, as of December 31, 2010, we have pending before the FCC additional petitions for determination of effective competition for systems covering another 4% of our video customers. From time to time, Congress and the FCC consider imposing new pricing or packaging regulations, including proposals that would require cable operators to offer programming networks on an a la carte or themed-tier basis instead of, or in addition to, our current packaged offerings. As discussed under Legal Proceedings, we and others are currently involved in litigation that could force us and other MVPDs to offer programming networks on an a la carte basis. Additionally, uniform pricing requirements under the Communications Act may affect our ability to respond to increased competition through offers that aim to retain existing customers or regain those we have lost.

Program Carriage/License Agreements

The Communications Act and FCC rules prohibit cable operators and other MVPDs from requiring a financial interest in, or exclusive distribution rights for, any video programming network as a condition of carriage, or from unreasonably restraining the ability of an unaffiliated programming network to compete fairly by discriminating against the network on the basis of its non-affiliation in the selection, terms or conditions for carriage. The FCC is considering proposals to expand its program carriage regulations. The adoption of these proposals could have an adverse effect on our businesses. The NBCUniversal Order also prohibits discriminating against a network on the basis of its non-affiliation in the selection, terms or conditions for carriage, under a standard that is comparable to existing law, and requires that, if we carry news and/or business news channels in a channel lineup neighborhood (defined as placing a significant number or percentage of news and/or business news channels substantially adjacent to one another in a system channel lineup), we must carry all independent news and business news channels in that neighborhood. We have been, and currently are, involved in program carriage disputes at the FCC and may continue to be subject to program carriage complaints in the future. Adverse decisions in any such disputes could negatively affect our business. In addition, the NBCUniversal

Order requires us, on a specified schedule over the next eight years, to add ten new independently owned and operated channels to the digital tier of our cable systems.

Must-Carry/Retransmission Consent

Cable operators are currently required to carry, without compensation, the programming transmitted by most local commercial and noncommercial television stations. Alternatively, local television stations may choose to negotiate with a cable operator for retransmission consent, under which the station gives up its must-carry right and instead seeks to negotiate a carriage agreement with the cable operator. Such an agreement may involve payment of compensation to the station. We expect to be subject to increasing demands, including demands for direct monetary compensation and other concessions, by local television stations in exchange for their required consent for the retransmission of broadcast programming to our video services customers.

Now that broadcasters have completed their transition from analog to digital transmission, cable operators generally are required to carry the primary digital programming stream of local broadcast stations, as well as an analog version of the primary digital programming stream on systems that are not all digital. These requirements are scheduled to last until June 12, 2012, subject to possible extensions. For more information on must-carry and retransmission consent issues relating to NBCUniversal s broadcast businesses, see NBCUniversal s Broadcast Networks and Owned Local Television Stations below and refer to the Must-Carry/Retransmission Consent discussion within that section.

Leased Access

The Communications Act requires a cable system to make available up to 15% of its channel capacity for commercial leased access by third parties to provide programming that may compete with services offered directly by the cable operator. While we have not been required to devote significant channel capacity to leased access to date, the FCC has adopted rules that dramatically reduce the rates we can charge for leased access channels, although their implementation has been stayed by a federal court pending the outcome of a challenge brought by us and other cable operators and also has been blocked by the Office of Management and Budget. If implemented, these rules could adversely affect our business by significantly increasing the number of cable system channels occupied by leased access users and by significantly increasing the administrative burdens and costs associated with complying with such rules.

Cable Equipment

The FCC has adopted regulations aimed at promoting the retail sale of set-top boxes and other equipment that can be used to receive digital video services. With the exception of certain one-way devices, like the digital transport adapters we have been deploying as part of our all digital conversion, these regulations prohibit cable operators from deploying new set-top boxes that perform both channel navigation and security functions. As a result, most set-top boxes that we purchase must rely on a separate security device known as a CableCARD, which adds to the cost of set-top boxes. In addition, the FCC has adopted rules aimed at promoting the manufacture of plug-and-play TV sets and other equipment that can connect directly to a cable distribution network system with a CableCARD and receive one-way analog and digital video services without the need for a set-top box. In 2010, the FCC adopted additional CableCARD regulations that, among other things, require cable operators to provide a credit to customers who use plug-and-play equipment purchased at retail instead of the set-top box included with an operator s service package and allow customers with plug-and-play equipment to self-install CableCARDs rather than having to arrange for a professional installation. The FCC also is considering proposals to supplant CableCARD with another technology that would enable retail video devices to work on any MVPD system, not just a cable system. These proposals could impose substantial costs on us and impair our ability to innovate. In addition, the NBCUniversal Order requires us to fulfill commitments designed to improve the parental control tools and information available to parents, including navigation and blocking upgrades to certain set-top boxes.

MDUs and Inside Wiring

FCC rules prohibit exclusive video service access agreements between cable operators and MDUs or other private real estate developments. FCC rules also make unenforceable the exclusivity provisions of our pre-existing access agreements and facilitate competitors access to the cable wiring inside such MDUs.

Pole Attachments

The Communications Act permits the FCC to regulate the rates that pole-owning utility companies (with the exception of municipal utilities and rural cooperatives) charge cable systems for attachments to their poles. States are permitted to preempt FCC jurisdiction and regulate the terms of attachments themselves, and many states in which we operate have done so. Most of these states have generally followed the FCC s pole attachment rate standards. The FCC or a state could increase pole attachment rates applicable to cable operators. Additionally, higher pole attachment rates apply to pole attachments that are subject to the FCC s telecommunications services pole rates. The applicability of and method for calculating those rates for cable systems over which phone services are transmitted remain unclear, and there is a risk that we could face materially higher pole attachment costs. Utility companies initiated a proceeding in 2009 at the FCC seeking to apply the telecommunications services pole rate to all poles over which cable operators provide phone services using interconnected VoIP technology, which is the type of technology we use for our phone services. However, in May 2010, the FCC proposed to reduce the rate for telecommunications service pole attachments down to a level that is at or near the rate for cable attachments; this proposal is pending.

Franchising

Cable operators generally operate their cable systems under nonexclusive franchises granted by local or state franchising authorities. While the terms and conditions of franchises vary materially from jurisdiction to jurisdiction, franchises typically last for a fixed term, obligate the franchisee to pay franchise fees and meet service quality, customer service and other requirements, and are terminable if the franchisee fails to comply with material provisions. The Communications Act permits franchising authorities to establish reasonable requirements for public, educational and governmental access (PEG) programming, and some of our franchises require substantial channel capacity and financial support for this programming. The NBCUniversal Order contains various PEG-related conditions, including a requirement that we do not migrate PEG channels to digital delivery on our cable system until the system has converted to all-digital distribution or until the government entity that is responsible for the system s PEG operations expressly agrees. The Communications Act also contains provisions governing the franchising process, including, among other things, renewal procedures designed to protect incumbent franchisees against arbitrary denials of renewal. We believe that our franchise renewal prospects generally are favorable.

FCC rules establish franchising processes and obligations for new entrants that are different from those applicable to existing providers. For example, these rules limit the range of financial, construction and other commitments that franchising authorities can request of new entrants and preempt certain local level playing field franchising requirements. In addition, approximately half of the states in which we operate have enacted legislation to provide statewide franchising or to simplify local franchising requirements for new entrants. Some of these statutes also allow new entrants to operate on more favorable terms than our current operations, for instance by not requiring that the new entrant provide service to all parts of the franchise area or permitting the new entrant to designate only those portions it wishes to serve. Certain of these statutes allow incumbent cable operators to opt into the new state franchise where a competing state franchise has been issued for the incumbent cable operator s franchise area. However, even in those states, the incumbent cable operators often are required to retain certain franchise obligations that are more burdensome than the new entrant s state franchise. We believe that we have been and continue to be disadvantaged as a result of these rules and statutes.

Copyright Regulation

In exchange for filing reports and contributing a percentage of revenue to a federal copyright royalty pool, cable operators can obtain blanket permission to retransmit copyrighted material contained in broadcast signals. The possible modification or elimination of this copyright license is the subject of ongoing legislative and administrative review. The Satellite Television Extension and Localism Act of 2010 (STELA) made revisions to a cable operator s compulsory copyright license to remove a number of uncertainties regarding the license s operation. In particular, STELA clarifies that, in exchange for certain additional payments, cable operators can limit the royalty calculation associated with retransmission of an out-of-market broadcast station to those cable subscribers who actually receive the out-of market station. The new law also clarifies that cable operators must pay additional royalty fees for each digital multicast programming stream from an out-of market broadcast station they retransmit that does not duplicate the content of the station s primary stream. It also establishes an audit mechanism for copyright owners to review a cable operator s copyright royalty reporting practices. STELA requires the preparation of several reports, including a requirement that the Register of Copyrights, in consultation with the FCC, submit a report to Congress by the end of August 2011 on proposals to phase out the compulsory copyright license for cable and satellite providers. If adopted, a phase-out plan could adversely affect our ability to obtain certain programming and substantially increase our programming costs.

In addition, we pay standard industry licensing fees to use music in the programs we create, such as local advertising and local origination programming on our cable systems. The fees we pay to music performance rights organizations are typically renegotiated when we renew licenses with those organizations, and we cannot predict with certainty what those fees will be in the future or if disputes will arise over them.

High-Speed Internet Services

We provide high-speed Internet services over our cable distribution system. In 2002, the FCC ruled that high-speed Internet services such as ours are an interstate information service, not subject to regulation as a telecommunications service under federal law or to state or local utility regulation. However, our high-speed Internet services are subject to a number of regulatory obligations, including compliance with the Communications Assistance for Law Enforcement Act (CALEA) requirement that high-speed Internet service providers implement certain network capabilities to assist law enforcement in conducting surveillance of persons suspected of criminal activity.

The FCC has adopted so-called open Internet rules that restrict or prohibit some types of commercial agreements between broadband Internet service providers (ISPs) and providers of Internet content or applications. The regulations require broadband ISPs such as us to disclose information regarding network management, performance and commercial terms of the service, bar broadband ISPs from blocking access to lawful content, applications, services or non-harmful devices and, in particular, bar wireline broadband ISPs such as us from unreasonably discriminating in transmitting lawful network traffic. The

no-blocking and non-discrimination rules allow for reasonable network management. The FCC has not prohibited speed tiers or usage-based pricing, but has specifically noted that so-called paid prioritization (i.e., charging content, application and service providers for prioritizing their traffic over our last-mile facilities) or an ISP s prioritizing its own content likely would violate these rules.

Under the NBCUniversal Order and the NBCUniversal Consent Decree, we are required to comply with the open Internet rules regardless of whether these rules are invalidated in court or otherwise rescinded, and, under the order, those rules will apply to any set-top box we provide that enables a customer to receive broadband Internet access service. In addition, the NBCUniversal Order and NBCUniversal Consent Decree include various conditions and commitments requiring us to deploy broadband to certain unserved areas, implement a program to improve high-speed Internet adoption among lower-income households, offer all of our high-speed Internet service speed tiers on a standalone basis at reasonable market-based prices (including offering a service of at least 6 megabits per second downstream at a price of $49.95 monthly for 3 years), maintain a high-speed Internet service of at least 12 megabits per second downstream across most of our footprint, and not discriminate in how we treat so-called specialized services (defined as services we provide over the same last-mile facilities as our high-speed Internet service, but not including our high-speed Internet service, video services or phone services).

A federal program known as the Universal Service program generally requires telecommunications service providers to collect and pay a fee based on revenue from their services into a fund used to subsidize the provision of telecommunications services in high-cost areas and Internet and telecommunications services to schools, libraries and certain health care providers. Congress and the FCC are considering proposals that could result in our high-speed Internet services being subject to Universal Service fees and that could also result in subsidies being provided to our Internet and video competitors. We cannot predict whether or how such proposals will be adopted, or, if they are adopted, how they will affect us.

In addition, Congress and federal regulators have adopted a wide range of measures affecting Internet use, including, for example, consumer privacy, consumer protection, copyright protection, defamation liability, taxation, obscenity and unsolicited commercial e-mail. State and local governments have also adopted Internet-related regulations. Furthermore, Congress, the FCC and certain state and local governments are considering proposals to impose customer service, quality of service, taxation, child safety, privacy and standard pricing regulations on high-speed Internet service providers. It is uncertain whether any of these proposals will be adopted. The adoption of new laws or the application of existing laws to the Internet could have a material adverse effect on our high-speed Internet business.

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Phone Services

We provide phone services by using interconnected VoIP technology. The FCC has adopted a number of rules for providers of nontraditional phone services such as ours, including regulations relating to customer proprietary network information, local number portability duties and benefits, disability access, E911, CALEA and contributions to the federal Universal Service Fund, but has not yet ruled on the appropriate classification of phone services using interconnected VoIP technology. The regulatory environment for our phone services therefore remains uncertain at both the federal and the state levels. Until the FCC definitively classifies phone services using interconnected VoIP technology for state and federal regulatory purposes, state regulatory commissions and legislatures may continue to investigate imposing regulatory requirements on our phone services. Currently, a few state public utility commissions are conducting proceedings that could lead to the imposition of state telephone regulations on our phone services. For example, state commissions in Vermont and Maine issued orders finding that our phone service qualifies as a telecommunications service subject to state regulation. We are challenging both orders. Because the FCC has not determined the appropriate classification of our phone services, the precise scope of phone company interconnection rules applicable to us as a provider of nontraditional voice services is not clear. In light of this uncertainty, providers of nontraditional voice services typically either secure CLEC authorization or obtain interconnection to traditional wireline phone company networks by contracting with an existing CLEC, whose right, as a telecommunications carrier, to request and obtain interconnection with the traditional wireline phone companies is set forth in the Communications Act. We have arranged for such interconnection rights through our own CLECs. While some traditional wireline phone companies have challenged our right to interconnect directly with them, we have prevailed in all of these challenges, and no such challenges are currently pending. If a regulatory or judicial authority were to deny our ability to interconnect through one of our CLECs, our ability to provide phone services and compete in the area in question would be negatively impacted. Similarly, it is uncertain whether the FCC or Congress will adopt further rules regarding interconnection rights and arrangements and how such rules would affect our phone services. The entire methodology by which telecommunications carriers compensate one another for exchanged traffic, whether it be for local, intrastate or interstate traffic, is under review at the FCC and in state commissions. Among the issues that could affect us are how much local exchange carriers should be allowed to charge for terminating long distance traffic and whether VoIP traffic should be treated differently from other kinds of exchanged traffic. We could be adversely affected by the outcome of any of these proceedings if we are deemed liable to pay more or collect less than is our practice today. The FCC is also considering industry-wide reforms of intercarrier compensation that may eliminate or reduce such compensation, although the impact on our phone services as a result of any such reforms is unclear.

Other Cable Services Regulations

State and Local Taxes

Some states and localities have imposed or are considering imposing new or additional taxes or fees on the cable services we offer, or imposing adverse methodologies by which taxes or fees are computed. These include combined reporting or other changes to general business taxes, central assessments for property tax, and taxes and fees on video, high-speed Internet and phone services. We and other cable industry members are challenging certain of these taxes through administrative and court proceedings. In addition, in some situations our DBS competitors and other competitors that deliver their services over a high-speed Internet connection do not face similar state tax and fee burdens. Congress has also considered, and may consider again, proposals to bar states from imposing taxes on DBS providers that are equivalent to the taxes or fees that we pay.

Disabilities Access

In October 2010, Congress enacted the 21st Century Communications and Video Accessibility Act. This law gives the FCC the authority to adopt rules aimed at ensuring that persons with disabilities can access advanced communications services and Internet-delivered video. Among other things, the law directs the FCC to adopt regulations mandating accessibility to interconnected VoIP services such as the phone services we provide, requiring that video programming delivered via Internet Protocol include closed captioning, imposing video description rules on the top four broadcast networks and top five cable programming networks and requiring that MVPD program guides be accessible to the visually impaired. This law, and any regulations ultimately adopted by the FCC, may impose substantial additional costs and obligations on our businesses.

Cable Programming Networks

Program Access

The Communications Act and FCC rules generally prevent cable programming networks affiliated with cable operators from favoring affiliated cable operators over competing MVPDs, such as DBS providers and phone companies that offer MVPD services, and limit the ability of these cable programming networks to offer exclusive programming arrangements to affiliated cable operators. The FCC s sunset date for this restriction on exclusivity ends on October 5, 2012, although the FCC will evaluate whether it should extend the sunset date beyond October 5, 2012, and we cannot predict whether the FCC will further extend that date. In addition, in January 2010, the FCC adopted new rules that allow MVPDs to file program access complaints to try to show that their lack of access to a terrestrially-delivered programming network has hindered significantly their ability to deliver video programming to subscribers. Another MVPD has appealed the new rules to a federal appeals court. Regardless of whether the FCC decides to sunset the exclusivity prohibitions in 2012 or whether the appeals court invalidates the new rules for terrestrially-delivered programming networks, we will be subject to program access obligations under the terms of the NBCUniversal Order

The FCC launched a rulemaking in 2007 to consider whether companies that own multiple cable networks should be required to make each of their networks available on a stand-alone or unbundled basis when negotiating distribution agreements with MVPDs. We currently offer our cable programming networks on a stand-alone basis. Increased regulatory requirements imposed on the manner in which our cable networks are provided to consumers or the manner in which we negotiate programming distribution agreements with MVPDs may adversely affect our business.

Under the terms of the NBCUniversal Order, MVPDs can invoke commercial arbitration pursuant to rules established in the NBCUniversal Order against our cable programming networks, including our regional sports networks and our national and regional cable programming networks. In addition, under the NBCUniversal Order and NBCUniversal Consent Decree, we are required to make certain of our cable, broadcast and film programming available to bona fide online video distributors under certain conditions, and they may invoke commercial arbitration pursuant to rules established in the NBCUniversal Order and NBCUniversal Consent Decree to resolve disputes regarding the availability of, and the terms and conditions of access to, such programming. For more information on these conditions, see NBCUniversal s Broadcast Networks and Owned Local Television Stations below and refer to the Must-Carry/Retransmission Consent discussion within that section.

Children s Programming

The Children s Television Act (CTA) and FCC rules limit the amount and content of commercial matter that may be shown on cable programming networks and broadcast networks during programming originally produced and broadcast primarily for an audience of children under 13 years of age. The FCC is currently considering whether to prohibit interactive advertising during children s television programming. The NBCUniversal Order includes certain commitments and conditions related to children s television and advertising directed at children, including commitments that we will not insert interactive advertising into children s television programming in any of the spots we control, either as an MVPD or as the programmer, and that we will provide at least $15 million worth of public service announcements on childhood obesity, FDA nutritional guidelines, digital literacy, and parental controls per year, for each of the next five years.

NBCUniversal s Broadcast Networks and Owned Local Television Stations

Licensing

The Communications Act permits the operation of local broadcast television stations only in accordance with a license issued by the FCC upon a finding that the grant of the license would serve the public interest, convenience and necessity. The FCC grants television broadcast station licenses for specific periods of time and, upon application, may renew the licenses for additional terms. Under the Communications Act, television broadcast licenses may be granted for a maximum term of eight years. Generally, the FCC renews broadcast licenses upon finding that: (i) the television station has served the public interest, convenience and necessity; (ii) there have been no serious violations by the licensee of the Communications Act or FCC rules and regulations; and (iii) there have been no violations by the licensee of the Communications Act or FCC rules and regulations, which, taken together, indicate a pattern of abuse.

In addition, CTA and FCC rules also require that the FCC consider in its review of broadcast television station license renewals whether the station has served the educational and informational (E/I) needs of children. Under the FCC s rules, a station licensee will be deemed to have met its obligation to serve the E/I needs of children if it has broadcast on its main program stream a minimum of three hours per week of programming that has a significant purpose of serving the E/I needs of children under 17 years of age. For broadcast television stations that multicast, FCC rules include a similar standard whereby the amount of E/I programming deemed to meet the station s E/I obligation increases in proportion to the amount of free multicast programming aired. Under the NBCUniversal Order, we have committed to provide an additional hour of E/I programming per week on either the primary or multicast streams of our owned NBC affiliated local television stations and on the primary signal of our owned Telemundo affiliated local television stations. FCC rules also limit the display during children s programming of Internet addresses of websites that contain or link to commercial material or that use program characters to sell products. The FCC is considering whether the requirements for E/I programming have been effective in promoting the availability of educational content for children on broadcast television, and there can be no assurance that the FCC will not impose more stringent requirements.

The FCC imposes other regulations on the provision of programming by television stations. There is a general obligation for television stations to serve the needs and interests of their local service area. The FCC has had a proceeding open for several years considering the adoption of additional requirements for public service programming, including possible quantitative requirements for news, public affairs and other local service programming. Under the NBCUniversal Order, we have committed to expand local news and information programming on our owned

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local television stations and to enter into cooperative arrangements with locally focused nonprofit news organizations in certain markets. The FCC also has specific requirements governing political advertising, requiring, among other things, that broadcasters charge candidates the lowest unit rate charged to other advertisers for the same class of advertising time during the 45 days before a primary and the 60 days before a general election. There have been proposals introduced in Congress that could expand the discount given to candidates in certain circumstances.

Renewal applications are pending for a number of NBCUniversal s broadcast television station licenses. The FCC may grant any license renewal application with or without conditions, including renewal for a lesser term than the maximum otherwise permitted. A station s authority to operate is automatically extended while a renewal application is on file and under review. Three pending applications have been formally opposed by third parties and other applications are pending due to unresolved complaints of alleged indecency in the stations programming. The Communications Act also requires prior FCC approval for any sale of a broadcast station license, whether through the assignment of the license and related assets from one company to another or the transfer of control of the stock or other equity of a company holding an FCC license. Third parties may oppose such applications. The FCC may decline to renew or approve the transfer of a license in certain circumstances. Although NBCUniversal has received such renewals and approvals in the past, there can be no assurance that we will always obtain necessary renewals or that approvals in the future will contain acceptable FCC license conditions.

Ownership Limits

FCC rules and regulations limit the ability of individuals and entities to have attributable interests above specific levels in local television stations, as well as other specified mass media entities. The FCC, by law, must review the ownership rules detailed below once every four years. The FCC began such a review in 2010, which likely will take several years to complete, and there is pending litigation relating to these rules. We cannot predict when the FCC s current review will be completed or whether or how any of these rules will change.

Local Television Ownership

Under the FCC s local television ownership rule, a licensee may own up to two broadcast television stations in the same DMA, as long as (i) at least one of the two stations is not among the top four-ranked stations in the market based on audience share as of the date an application for approval of an acquisition is filed with the FCC; and (ii) at least eight independently owned and operating full-power broadcast television stations remain in the market following the acquisition. Further, without regard to the number of remaining independently owned television stations, the rule permits the ownership of more than one television station within the same DMA so long as certain signal contours of the stations involved do not overlap. Until the closing of the NBCUniversal transaction,

NBCUniversal had owned three local television stations in the Los Angeles DMA, pursuant to a temporary waiver granted by the FCC. We have placed one of those stations, KWHY-TV, into a divestiture trust until the station is sold to a third party. On January 24, 2011, NBCUniversal entered into an agreement to sell KWHY-TV to a third party. The divesture trust and the third party filed an application on February 7, 2011 seeking FCC consent to the sale of KWHY-TV.

National Television Ownership

The Communications Act and FCC rules limit the number of television stations one entity may own or control nationally. Under the rule, no entity may have an attributable interest in broadcast television stations that reach, in the aggregate, more than 39% of all U.S. television households. NBCUniversal s owned local television station reach does not exceed this limit.

Foreign Ownership

The Communications Act limits foreign ownership in a broadcast station to 20% direct ownership and 25% indirect ownership (i.e., through one or more subsidiaries), although the limit on indirect ownership can be waived if the FCC finds it to be in the public interest. These limits have been held to apply to both voting control and equity, as well as to ownership by any form of entity, including corporations, partnerships and limited liability companies.

Dual Network Rule

The dual network rule prohibits any of the four major television broadcast networks, ABC, CBS, Fox and NBC, from being under common ownership or control with another of the four.