



**TABLE 1**  
**Condensed Consolidated Statement of Operations (Unaudited)**  
**(amounts in millions, except per share data)**

	Three Months Ended March 31,	
	2005	2004
Revenues	<u>\$5,363</u>	\$4,908
Operating expenses	1,957	1,869
Selling, general and administrative expenses	<u>1,376</u>	<u>1,306</u>
	<u>3,333</u>	<u>3,175</u>
Operating Cash Flow	2,030	1,733
Depreciation expense	874	798
Amortization expense	<u>290</u>	<u>276</u>
	<u>1,164</u>	<u>1,074</u>
Operating Income	866	659
Other Income (Expense)		
Interest expense	(444)	(500)
Investment loss, net	(36)	(9)
Equity in net income (losses) of affiliates	12	(17)
Other income	<u>62</u>	<u>7</u>
	<u>(406)</u>	<u>(519)</u>
Income before Income Taxes and Minority Interest	460	140
Income tax expense	<u>(140)</u>	<u>(76)</u>
Income Before Minority Interest	320	64
Minority interest	<u>(7)</u>	<u>1</u>
Net Income	<u>\$313</u>	<u>\$65</u>
Diluted earnings per common share	<u>\$0.14</u>	<u>\$0.03</u>
Diluted weighted average number of common shares outstanding	<u>2,222</u>	<u>2,268</u>



**TABLE 2**  
**Condensed Consolidated Balance Sheet (Unaudited)**  
(dollars in millions)

	<u>March 31,</u> <u>2005</u>	<u>December 31,</u> <u>2004</u>
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	\$636	\$452
Investments	950	1,555
Accounts receivable, net	883	959
Other current assets	461	569
Total current assets	<u>2,930</u>	<u>3,535</u>
INVESTMENTS	12,945	12,812
PROPERTY AND EQUIPMENT, NET	18,738	18,711
FRANCHISE RIGHTS	51,088	51,071
GOODWILL	14,014	14,020
OTHER INTANGIBLE ASSETS, net	3,824	3,851
OTHER NONCURRENT ASSETS, net	699	694
	<u>\$104,238</u>	<u>\$104,694</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses related to trade creditors	\$1,998	\$2,041
Accrued expenses and other current liabilities	2,607	2,735
Deferred income taxes	166	360
Current portion of long-term debt	2,638	1,854
Current portion of exchangeable debt	1,217	1,645
Total current liabilities	<u>8,626</u>	<u>8,635</u>
LONG-TERM DEBT, less current portion	19,264	20,039
LONG-TERM EXCHANGEABLE DEBT, less current portion	53	54
DEFERRED INCOME TAXES	26,930	26,815
OTHER NONCURRENT LIABILITIES	7,237	7,261
MINORITY INTEREST	602	468
STOCKHOLDERS' EQUITY	41,526	41,422
	<u>\$104,238</u>	<u>\$104,694</u>



**TABLE 3**  
**Condensed Consolidated Statement of Cash Flows (Unaudited)**  
**(dollars in millions)**

	Three Months Ended March 31,	
	2005	2004
<b>OPERATING ACTIVITIES</b>		
Net cash provided by operating activities	<u>\$1,332</u>	<u>\$774</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from borrowings	225	4
Retirements and repayments of debt	(112)	(273)
Repurchases of common stock and stock options	(326)	(12)
Issuances of common stock and sales of options and put options on common stock	40	22
Other, net	38	8
Net cash used in financing activities	<u>(135)</u>	<u>(251)</u>
<b>INVESTING ACTIVITIES</b>		
Capital expenditures	(892)	(828)
Proceeds from sales and restructuring of investments	100	4
Purchases of investments	(40)	(60)
Acquisitions, net of cash acquired	-	(41)
Additions to intangible and other noncurrent assets	(180)	(305)
(Purchases of) proceeds from sales of short-term investments, net	(1)	6
Proceeds from settlement of contract of acquired company	-	26
Net cash used in investing activities	<u>(1,013)</u>	<u>(1,198)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>184</b>	<b>(675)</b>
CASH AND CASH EQUIVALENTS, beginning of period	<u>452</u>	<u>1,550</u>
CASH AND CASH EQUIVALENTS, end of period	<u><u>\$636</u></u>	<u><u>\$875</u></u>

**TABLE 4**  
**Calculation of Free Cash Flow (Unaudited) (1)**  
**(dollars in millions)**

	Three Months Ended March 31,	
	2005	2004
Operating Cash Flow	<u>\$2,030</u>	<u>\$1,733</u>
Interest, Net (2)	(404)	(447)
Cash Paid for Income Taxes	(12)	(61)
Capital Expenditures	(892)	(828)
<b>FREE CASH FLOW</b>	<u><u>\$722</u></u>	<u><u>\$397</u></u>
Changes in Working Capital and Other Items (3)	(282)	(451)
Net Cash Provided by (Used in) Operating Activities Less Capital Expenditures	<u><u>\$440</u></u>	<u><u>(\$54)</u></u>

(1) Free Cash Flow is defined as Operating Cash Flow less net interest, cash paid for taxes, and capital expenditures. It is unaffected by fluctuations in working capital levels from period to period and cash payments associated with intangible and other noncurrent assets. Cash payments for intangible and other noncurrent assets include long-term technology license agreements including computer software, long term rights to service multi-dwelling properties and programming content for our cable networks. In 2004, cash payments for intangible assets also included a long-term strategic license agreement with Gemstar of approximately \$250 million.

(2) Includes interest expense net of interest income and excludes non-cash interest and subsidiary preferred dividends.

(3) Free Cash Flow excludes amounts necessary to reconcile Free Cash Flow to "Net Cash Provided by Operating Activities Less Capital Expenditures." In 2005, this amount includes \$92 million in cash payments for liabilities recorded as part of the acquisition of AT&T Broadband with the remainder substantially related to reductions in accruals associated with payments of interest and employee compensation and bonuses. In 2004, this amount includes \$149 million in cash payments for liabilities recorded as part of the acquisition of AT&T Broadband with the remainder substantially related to reductions in accruals associated with payments of interest and employee compensation and bonuses.



**TABLE 5**  
**Pro Forma Financial Data by Business Segment (Unaudited) (1)**  
 (dollars in millions)

	<u>Cable (2)</u>	<u>Content (3)</u>	<u>Corporate and Other (4)</u>	<u>Total</u>
<b><u>Three Months Ended March 31, 2005</u></b>				
Revenues	\$5,103	\$213	\$47	\$5,363
Operating Cash Flow	\$1,995	\$77	(\$42)	\$2,030
Operating Income (Loss)	\$891	\$32	(\$57)	\$866
Operating Cash Flow Margin	39.1%	36.1%	NM	37.9%
Capital Expenditures (5)	\$883	\$4	\$5	\$892
<b><u>Three Months Ended March 31, 2004</u></b>				
Revenues	\$4,650	\$176	\$86	\$4,912
Operating Cash Flow	\$1,721	\$69	(\$55)	\$1,735
Operating Income (Loss)	\$704	\$34	(\$77)	\$661
Operating Cash Flow Margin	37.0%	39.0%	NM	35.3%
Capital Expenditures (5)	\$814	\$4	\$10	\$828

(1) See Non-GAAP and Other Financial Measures in Table 7. Historical financial data by business segment, as required under generally accepted accounting principles, is available in the Company's quarterly report on Form 10-Q. All percentages are calculated based on actual amounts. Minor differences may exist due to rounding.

(2) Pro forma financial data includes the results of the 30,000 cable subscribers acquired from US Coastal Cable in April 2004.

(3) Content includes our national networks E! Entertainment Television and Style Network (E! Networks), The Golf Channel, Outdoor Life Network, G4 and AZN Television.

(4) Corporate and Other includes Comcast-Spectacor, Corporate activities and all other businesses not presented in the Cable or Content segments and elimination entries. Beginning in the third quarter of 2004, Comcast-Spectacor includes the operating results of its investment in a sports-event related business.

(5) Our Cable segment's capital expenditures are comprised of the following categories:

	<u>1Q05</u>	<u>1Q04</u>
<b>New Service Offerings</b>		
Customer Premise Equipment (CPE)	\$463	\$292
Scalable Infrastructure	209	121
	<u>672</u>	<u>413</u>
<b>Recurring Capital Projects</b>		
Line Extensions	64	60
Support Capital	47	89
	<u>111</u>	<u>149</u>
<b>Upgrades</b>		
	100	252
Total	<u>\$883</u>	<u>\$814</u>

CPE includes costs incurred at the customer residence to secure new customers, revenue units and additional bandwidth revenues (e.g. digital converters). Scalable infrastructure includes costs, not CPE or network related, to secure growth of new customers, revenue units and additional bandwidth revenues or provide service enhancements (e.g. headend equipment). Line extensions include network costs associated with entering new service areas (e.g. fiber/coaxial cable). Support capital includes costs associated with the replacement or enhancement of non-network assets due to obsolescence and wear out (e.g. non-network equipment, land, buildings and vehicles). Upgrades include costs to enhance or replace existing fiber/coaxial cable networks, including recurring betterments.



**TABLE 6**  
**Pro Forma Data - Cable Segment Components (Unaudited) (1) (2)**  
**(dollars in millions, except average monthly revenue per subscriber data)**

	<b>Three Months Ended March 31,</b>	
	<b>2005</b>	<b>2004</b>
<b>Revenues:</b>		
Video (3)	\$3,362	\$3,184
High-Speed Internet	925	698
Phone	173	179
Advertising	296	269
Other (4)	180	161
Franchise Fees	167	159
<b>Total Revenues</b>	<b>\$5,103</b>	<b>\$4,650</b>
Operating Cash Flow	\$1,995	\$1,721
Operating Income	\$891	\$704
Operating Cash Flow Margin	39.1%	37.0%
Capital Expenditures	\$883	\$814
Operating Cash Flow, Net of Capital Expenditures	\$1,112	\$907

	<b>1Q05</b>	<b>1Q04</b>	<b>4Q04</b>
<b>Video</b>			
Homes Passed (000's)	41,000	40,100	40,800
Basic Subscribers (000's)	21,525	21,581	21,553
Basic Penetration	52.6%	53.8%	52.8%
Quarterly Net Basic Subscriber Additions (000's)	(29)	35	60
Digital Subscribers (000's)	8,856	7,859	8,656
Digital Penetration	41.1%	36.4%	40.2%
Quarterly Net Digital Subscriber Additions (000's)	200	192	251
Digital Set-Top Boxes	13,365	11,542	12,960
Monthly Average Video Revenue per Basic Subscriber	\$52.04	\$49.22	\$50.20
Monthly Average Total Revenue per Basic Subscriber	\$78.99	\$71.89	\$77.27
<b>High-Speed Internet</b>			
"Available" Homes (000's)	40,483	36,167	40,010
Subscribers (000's)	7,408	5,680	6,994
Penetration	18.3%	15.7%	17.5%
Quarterly Net Subscriber Additions (000's)	414	394	438
Monthly Average Revenue per Subscriber	\$42.81	\$42.44	\$42.06
<b>Phone</b>			
"Available" Homes (000's) (5)	11,277	9,657	10,437
Subscribers (000's)	1,228	1,247	1,223
Penetration	10.9%	12.9%	11.7%
Quarterly Net Subscriber Additions (000's)	4	(20)	10
Monthly Average Revenue per Subscriber	\$47.07	\$47.34	\$47.30
Total Revenue Generating Units (000's) (6)	39,017	36,367	38,426
Quarterly Net Additions	589	601	759

- (1) See Non-GAAP and Other Financial Measures in Table 7. All percentages are calculated based on actual amounts. Minor differences may exist due to rounding.
- (2) Pro forma financial and subscriber data includes the results of the 30,000 cable subscribers acquired from US Coastal Cable in April 2004. Pro forma subscriber data includes 60,000 subscribers acquired in various small acquisitions during the periods presented. The impact of these acquisitions on our segment operating results was not material.
- (3) Video revenues consist of our basic, expanded basic, premium, pay-per-view, equipment and digital services.
- (4) Other revenues include installation revenues, guide revenues, commissions from electronic retailing, other product offerings, commercial data services and revenues of our digital media center and regional sports programming networks.
- (5) Available homes includes circuit switched and Comcast Digital Voice homes.
- (6) The sum total of all basic video, digital video, high-speed Internet and phone subscribers, excluding additional outlets.



## TABLE 7

### Non-GAAP and Other Financial Measures

Operating Cash Flow is the primary basis used to measure the operational strength and performance of our businesses. Free Cash Flow is an additional performance measure used as an indicator of our ability to repay debt, make investments and return capital to investors, principally through stock repurchases. We use Debt Excluding Exchangeables as a measure of debt that will require cash from future operations or financings. We also adjust certain historical data on a pro forma basis following significant acquisitions or dispositions to enhance comparability.

Operating Cash Flow is defined as operating income before depreciation and amortization and impairment charges, if any, related to fixed and intangible assets and gains or losses from the sale of assets, if any. As such, it eliminates the significant level of non-cash depreciation and amortization expense that results from the capital intensive nature of our businesses and intangible assets recognized in business combinations, and is unaffected by our capital structure or investment activities. Our management and Board of Directors use this measure in evaluating our consolidated operating performance and the operating performance of all of our operating segments. This metric is used to allocate resources and capital to our operating segments and is a significant component of our annual incentive compensation programs. We believe that Operating Cash Flow is also useful to investors as it is one of the bases for comparing our operating performance with other companies in our industries, although our measure of Operating Cash Flow may not be directly comparable to similar measures used by other companies.

As Operating Cash Flow is the measure of our segment profit or loss, we reconcile it to operating income, the most directly comparable financial measure calculated and presented in accordance with Generally Accepted Accounting Principles (GAAP), in the business segment footnote of our quarterly and annual financial statements. Therefore, we believe our measure of Operating Cash Flow for our business segments is not a "non-GAAP financial measure" as contemplated by Regulation G adopted by the Securities and Exchange Commission. Consolidated Operating Cash Flow is a non-GAAP financial measure.

Free Cash Flow, which is a non-GAAP financial measure, is defined as Operating Cash Flow less net interest, cash paid for taxes, and capital expenditures. As such, it is unaffected by fluctuations in working capital levels from period to period and cash payments associated with intangible and other non-current assets which are detailed in our quarterly and annual reports on Forms 10Q/K. We believe that Free Cash Flow is also useful to investors as it is one of the bases for comparing our operating performance with other companies in our industries, although our measure of Free Cash Flow is accrual-based and may not be comparable to similar measures used by other companies.

Debt Excluding Exchangeables, which is a non-GAAP financial measure, refers to the aggregate amount of our consolidated debt and capital lease obligations less the amount of notes that are collateralized by securities that we own.

Pro forma data is used by management to evaluate performance when significant acquisitions or dispositions occur. Historical data reflects results of acquired businesses only after the acquisition dates while pro forma data enhances comparability of financial information between periods by adjusting the data as if the acquisitions (or dispositions) occurred at the beginning of the prior year. Our pro forma data is only adjusted for the timing of acquisitions and does not include adjustments for costs related to integration activities, cost savings or synergies that have been or may be achieved by the combined businesses. We believe our pro forma data is not a non-GAAP financial measure as contemplated by Regulation G.

Operating Cash Flow and Free Cash Flow should not be considered as substitutes for operating income (loss), net income (loss), net cash provided by operating activities or other measures of performance or liquidity reported in accordance with GAAP. Debt Excluding Exchangeables should not be considered as a substitute for Total Debt. Additionally, in the opinion of management, our pro forma data is not necessarily indicative of future results or what results would have been had the acquired businesses been operated by us after the assumed earlier date.

Following are quantitative reconciliations of Free Cash Flow, Debt Excluding Exchangeables, Consolidated Operating Cash Flow, and, although not required by Regulation G, reconciliations of business segment Operating Cash Flow and pro forma data.



TABLE 7-A continued

**Reconciliation of Historical and Pro Forma Data by Business Segment (Unaudited)**  
(dollars in millions)

	Historical				Adjustments (1)		Pro forma
	Cable	Content	Corporate and Other	Total	Cable	Corporate and Other	
<b>Three Months Ended March 31, 2005</b>							
Revenues	\$5,103	\$213	\$47	\$5,363	-	-	\$5,363
Operating expenses (excluding depreciation and amortization)	3,108	136	89	3,333	-	-	3,333
Operating Cash Flow	\$1,995	\$77	(\$42)	\$2,030	-	-	\$2,030
Depreciation and amortization	1,104	45	15	1,164	-	-	1,164
Operating income (loss)	\$891	\$32	(\$57)	\$866	-	-	\$866
Capital expenditures	\$883	\$4	\$5	\$892	-	-	\$892
<b>Three Months Ended March 31, 2004</b>							
Revenues	\$4,647	\$176	\$85	\$4,908	\$3	\$1	\$4,912
Operating expenses (excluding depreciation and amortization)	2,928	107	140	3,175	1	1	3,177
Operating Cash Flow	\$1,719	\$69	(\$55)	\$1,733	\$2	-	\$1,735
Depreciation and amortization	1,017	35	22	1,074	-	-	1,074
Operating income (loss)	\$702	\$34	(\$77)	\$659	\$2	-	\$661
Capital expenditures	\$814	\$4	\$10	\$828	-	-	\$828

**Reconciliation of Operating Cash Flow to Free Cash Flow (Unaudited)**  
(dollars in millions)

	Three Months Ended March 31,			
	2005	2005	2004	2004
<b>Operating Cash Flow</b>	\$2,030	\$2,030	\$1,733	\$1,733
Less:				
Interest, net (2)	(404)	(404)	(447)	(447)
Cash Paid for Income Taxes	(12)	(12)	(61)	(61)
Change in Operating Assets and Liabilities, net of acquisitions	(88)		(439)	
Other (3)	(194)		(12)	
Net Cash Provided by Operating Activities	\$1,332		\$774	
Less: Capital Expenditures		(892)		(828)
Free Cash Flow		\$722		\$397

**Calculation of 2005 Estimated Free Cash Flow**  
(dollars in billions)

	Free Cash Flow
2004 Operating Income	\$2.9
Add: Depreciation and Amortization	4.6
2004 Operating Cash Flow	7.5
Less: 2004 Capital Expenditures	3.7
2004 Consolidated Interest, net	1.7
2004 Consolidated Cash Paid for Income Taxes	0.2
<b>2004 Free Cash Flow</b>	<b>\$1.9</b>
<b>2005 Free Cash Flow Growth</b>	<b>35% to 45%</b>
<b>Projected 2005 Free Cash Flow</b>	<b>\$2.6 to \$2.8</b>

**Reconciliation of Total Debt to Debt Excluding Exchangeables (Unaudited)**  
(dollars in millions)

	March 31, 2005	December 31, 2004
Current portion of long-term debt	\$3,855	\$3,499
Long-term debt	19,317	20,093
Total Debt	\$23,172	\$23,592
Exchangeable debt	1,270	1,699
Debt excluding exchangeables	\$21,902	\$21,893

(1) Pro forma data is only adjusted for timing of the acquisitions (or dispositions) and does not include adjustments for costs related to integration activities, cost savings or synergies that have been or may be achieved by the combined businesses. Minor differences may exist due to rounding.

(2) Includes interest expense net of interest income and excludes non-cash interest and subsidiary preferred dividends.

(3) Includes non-cash expense included in Operating Cash Flow, cash related to other (income) expense, dividends, and the net effect of changes in accrued income taxes.