



Comcast Reports Second Quarter 2005 Results

- **Revenue Increased 10.5% to \$5.6 Billion**
- **Operating Income Increased 23.2% to \$1.0 Billion**
- **Operating Cash Flow Increased 13.2% to \$2.2 Billion**
- **20th Consecutive Quarter of Double-Digit Growth**
- **Growth in New Services Continues**
- **Added 1.1 Million Revenue Generating Units**
- **During the First Half of 2005 Including 507,000 During the Second Quarter**

PHILADELPHIA, Aug. 2 /PRNewswire-FirstCall/ -- Comcast Corporation (Nasdaq: CMCSA, CMCSK) today reported results for the quarter ended June 30, 2005. Comcast will discuss second quarter results on a conference call and webcast today at 8:30 AM Eastern Time. A live broadcast of the conference call will be available on the investor relations website at <http://www.cmcsa.com> and <http://www.cmcsk.com>.

Brian L. Roberts, Chairman and CEO of Comcast Corporation said, "This is our 20th consecutive quarter reporting double-digit operating cash flow growth and, at 40.8%, cable's Operating Cash Flow margins are the highest in 2 1/2 years. We are posting solid results in the second quarter with revenue growth of 10.5% and Operating Cash Flow growth of 13.2%. Operating income increased 23.2% to \$1.0 billion.

"Our consistently strong performance - double-digit revenue and cash flow growth and free cash flow growth above 20% - demonstrates the inherent strength of our business and reinforces our confidence in the future.

"We are extending our competitive advantage with industry-leading products. In video, we are continuing to expand our ON DEMAND, HDTV and DVR offerings and are beginning to rollout our enhanced basic - 100% digital service. We recently announced an important new agreement with Starz Encore that significantly enhances our ON DEMAND service, adding more than 325 top movies a month to the 3,500 program choices our customers enjoy today. In June, our customers viewed over 112 million ON DEMAND programs, a 10 million increase in 3 months, as we continue to provide an unmatched product with more choice and customer value.

"We also recently announced a 50% increase in the speed of our high-speed Internet service - now 6 megabits per second - and continue to deliver a growing array of valuable enhancements and features like security and online gaming. Our strategy of product innovation and differentiation is working - we added 1.1 million revenue generating units during the first six months of this year - more than we did in the first half of last year.

"We believe Comcast Digital Voice will be the next engine for growth and are ramping up the rollout of this service in markets like Philadelphia, Indianapolis, Boston, Hartford, Chicago and Portland. We are on track to extend our offering to 15 million homes in 20 markets by year end and expect to offer our fully-featured digital voice service across our 41 million homes by the end of 2006.

"We are excited about the future of our business and are positioning Comcast to continue to deliver the best entertainment and communications services to our customers and to build value for our shareholders."

Comcast Cable Results

Cable results for the quarter and the six months ended June 30, 2005 are presented on a pro forma basis. Pro forma cable results adjust only for certain acquisitions and dispositions and are presented as if the acquisitions and dispositions were effective on January 1, 2004. Please refer to Table 7-A for a reconciliation of pro forma data.

Second Quarter 2005

Comcast Cable reported revenue of \$5.3 billion for the quarter ended June 30, 2005, representing a 10.1% increase from the second quarter of 2004. Comcast Cable added 507,000 revenue generating units in the second quarter of 2005, an increase of 22.1% from the 415,000 added in the same quarter last year.

Video revenue increased \$192 million or 5.9% to \$3.4 billion in the second quarter of 2005, driven by higher monthly revenue per basic subscriber and a 13.3% increase in the number of digital customers. Comcast Cable added 284,000 new digital

customers in the second quarter of 2005 and with more than 9.1 million subscribers, digital cable penetration reached 42.6% of basic subscribers. As expected, basic subscribers are essentially unchanged from a year ago at 21.4 million, and declined seasonally by 77,000 or 0.2% from the first quarter of 2005.

Digital cable subscriber and video revenue growth reflects strong consumer demand for new digital features and services including Comcast ON DEMAND, high-definition television (HDTV) programming and digital video recorders (DVRs), as well as the initial rollout of an enhanced basic - 100% digital service in a number of markets. During the second quarter, pay-per-view revenues increased 24.0% - the seventh consecutive quarter of pay-per-view revenue growth, driven by more movie and event purchases through the Comcast ON DEMAND service. During the second quarter, Comcast Cable deployed nearly 300,000 advanced set-top boxes with DVR and/or HDTV programming capability, generating an incremental \$5 to \$10 of monthly revenue per box.

Comcast High-speed Internet service revenues increased 28.8% to \$982 million in the second quarter of 2005, reflecting a 28.3% increase in subscribers and strong average revenue per subscriber. Comcast Cable ended the second quarter of 2005 with more than 7.7 million high-speed Internet subscribers, adding 297,000 subscribers during the second quarter of 2005 for a penetration rate of 18.9% of available homes. Average monthly revenue per high-speed Internet subscriber of \$43.34 in the second quarter of 2005 was in line with the second quarter of 2004 and increased \$0.53 from the \$42.81 reported in the first quarter of 2005.

Advertising revenue for the second quarter of 2005 increased 9.9% to \$362 million, reflecting growth of 6.5% in local advertising and growth of 16.7% in regional/national advertising as a result of the continuing success of our regional interconnect strategy. The growth in advertising revenue during the quarter was slightly offset by a decline in political advertising when compared to the prior year. Advertising revenue growth in the second half of 2005 will reflect a significant decline in political advertising when compared to the 2004 election year.

Comcast Cable added 15,000 Comcast Digital Voice customers (CDV - Comcast's phone service using IP technology), reflecting the rollout of CDV in new markets late in the second quarter. As expected, CDV customer additions were offset by a decline in the number of Comcast's circuit-switched telephone customers as Comcast transitions to marketing Comcast Digital Voice. Comcast Cable reported 2,000 net new phone customers in the second quarter of 2005. Cable phone revenue declined 4.0% from the second quarter of 2004 to \$170 million in the second quarter of 2005, due primarily to a decline in access revenue per customer.

Cable operating income before depreciation and amortization (Operating Cash Flow) grew 13.2% to \$2.2 billion in the second quarter, an increase from the \$1.9 billion reported for the second quarter of 2004. Second quarter 2005 Operating Cash Flow margin increased to 40.8% from 39.7% in the second quarter of 2004.

Cable capital expenditures increased 4.8% to \$936 million compared to the \$893 million in the second quarter of the prior year. The increase in capital expenditures reflects the purchase of digital set-top boxes to meet expected demand, as well as certain capital investments, including equipment for digital simulcasting and our integrated service platform, which are expected to decline in the second half of 2005.

Year-to-date June 2005

For the six months ended June 30, 2005, Comcast Cable reported revenue of \$10.4 billion, representing a 9.9% increase from the prior year. Comcast Cable added a total of 1.1 million new revenue generating units during the first half of 2005, a 7.9% increase from the first half of last year.

Video revenue increased 5.8% during the period, driven by higher monthly revenue per basic subscriber and a 13.3% increase in the number of digital customers. Comcast Cable added nearly 484,000 digital cable subscribers during the first six months of 2005 to end the period with more than 9.1 million digital subscribers. Comcast Cable basic subscribers declined 106,000 during the first six months of 2005, ending the period at 21.4 million subscribers.

Comcast Cable added nearly 712,000 high-speed Internet subscribers during the first half of 2005 to end the period with more than 7.7 million subscribers. Revenues for this service increased 30.6% from the prior year to \$1.9 billion, reflecting strong year over year subscriber growth. Advertising revenue increased 9.8% from the same period of 2004 to \$658 million, including the decline in political advertising from the 2004 election year. Cable phone revenue declined 3.5% from the same period one year ago to \$343 million, primarily due to lower revenue per customer. Comcast Cable added 7,000 phone subscribers in the first six months of 2005 compared to a loss of 42,000 subscribers in the first half of 2004.

Operating Cash Flow grew 14.5% from the same period one year ago to \$4.2 billion, reflecting strong revenue growth and the Company's success in controlling the growth of operating costs. Operating Cash Flow margin for the first six months of 2005 increased to 40.0% from 38.4% during the first six months of the prior year. Comcast Cable capital expenditures were \$1.8 billion for the first six months of 2005 compared to \$1.7 billion last year. As previously described, the level of capital expenditures is expected to decline in the second half of 2005.

Content

Comcast's content segment consists of our national networks E! Entertainment Television and Style Network (E! Networks), The Golf Channel, Outdoor Life Network, G4 and AZN Television (formerly International Channel Networks).

Comcast's content segment reported second quarter 2005 revenue of \$234 million, a 17.7% increase from the second quarter of 2004 reflecting increases in distribution and advertising revenue for all the networks. The content segment reported Operating Cash Flow of \$97 million in the second quarter of 2005, a 25.4% increase above the second quarter of 2004.

For the six months ended June 30, 2005, Comcast's content segment reported revenue of \$447 million, a 19.2% increase compared to the prior year period, and Operating Cash Flow of \$174 million, an increase of 19.1% from the same time last year.

Corporate and Other

Corporate and Other includes Comcast-Spectacor, corporate overhead and other operations and eliminations between Comcast's businesses. In the second quarter of 2005, we reported Corporate and Other revenue of \$36 million and an Operating Cash Flow loss of \$63 million as compared to revenue of \$28 million and an Operating Cash Flow loss of \$45 million in the second quarter of 2004.

For the six months ended June 30, 2005, Corporate and Other revenue declined to \$83 million from the \$114 million reported in the same period of 2004. The Operating Cash Flow loss for the year-to-date period ended June 30, 2005, was \$105 million compared to \$100 million in 2004. Results for the six month period and the quarter ended June 30, 2005, were impacted by the absence of National Hockey League games.

Consolidated Results

For the three months ended June 30, 2005, the Company reported consolidated revenues of \$5.6 billion, a 10.5% increase from the \$5.1 billion reported in the same period of 2004. Consolidated Operating Cash Flow increased to \$2.2 billion or 13.2%, in the second quarter of 2005, from the \$2.0 billion reported in the same prior year period. Operating income increased to \$1.0 billion in the second quarter of 2005 compared to operating income of \$852 million in the second quarter of 2004.

Free Cash Flow (described further on Table 4) was \$422 million in the second quarter of 2005 compared to \$500 million reported in the second quarter of 2004, reflecting increases in Operating Cash Flow and capital expenditures and the timing of income tax payments in the second quarter of 2005. For the three months ended June 30, 2005, the Company reported consolidated net income of \$430 million or \$0.19 per share compared to consolidated net income of \$262 million or \$0.12 per share in the second quarter of 2004. The increase in net income is primarily due to the growth in Operating Cash Flow.

For the six months ended June 30, 2005, consolidated revenue increased 9.9% to \$11.0 billion from the \$10.0 billion reported in the same period of 2004. The Operating Cash Flow for the period ended June 30, 2005 was \$4.2 billion, an increase of 15.0% when compared to \$3.7 billion in 2004. Operating income increased to \$1.9 billion in the first half of 2005 compared to operating income of \$1.5 billion during the first half of 2004.

Free Cash Flow was \$1.1 billion during the year-to-date period, an increase of 27.5% from the \$897 million reported during the same period of last year. For the six months ended June 30, 2005, the Company reported consolidated net income of \$573 million or \$0.26 per share compared to consolidated net income of \$327 million or \$0.14 per share in the six months ended June 30, 2004. The increase in year-to-date net income is due primarily to the growth in Operating Cash Flow.

Share Repurchase Program

Comcast repurchased \$334 million, or 10.5 million shares, of its common stock under its stock repurchase program during the second quarter of 2005. During 2005, the Company repurchased \$637 million of its Class A Special Common Stock, or 19.9 million shares. Remaining availability under the Company's stock repurchase program is \$2 billion. Since the inception of the repurchase program in December 2003, Comcast has repurchased \$2.0 billion or 67.7 million shares of its common stock.

Financial Guidance 2005 Comcast reaffirms the following previously issued guidance for 2005:

- Consolidated revenue growth of approximately 10%.
- Total Revenue Generating Unit growth of at least 2.5 million units.
- Consolidated Operating Cash Flow growth of 14% to 15%.*
- Consolidated Free Cash Flow growth of 35% to 45%.*

- Consolidated capital expenditures of \$3.2 - \$3.3 billion.

*Does not include any impact from the adoption of SFAS No. 123R (Accounting for stock-based compensation).

This press release contains forward-looking statements. Readers are cautioned that such forward-looking statements involve risks and uncertainties that could significantly affect actual results from those expressed in any such forward-looking statements. Readers are directed to Comcast's Quarterly Report on Form 10-Q for a description of such risks and uncertainties.

In this discussion we sometimes refer to financial measures that are not presented according to generally accepted accounting principles (GAAP). Certain of these measures are considered "non-GAAP financial measures" under the Securities and Exchange Commission (SEC) regulations; those rules require the supplemental explanation and reconciliation provided in table 7 of this release.

Comcast Corporation will host a conference call with the financial community today August 2, 2005 at 8:30 a.m. Eastern Time (ET). The conference call will be broadcast live on the Company's Investor Relations website at <http://www.cmcsa.com> or <http://www.cmcsk.com>. A recording of the call will be available on the Investor Relations website starting at 12:30 p.m. ET on August 2, 2005.

Those parties interested in participating via telephone should dial (847) 413-2408. A telephone replay will begin immediately following the call until Wednesday, August 3, 2005 at midnight ET. To access the rebroadcast, please dial (630) 652-3000 and enter passcode number 12020969#.

To automatically receive Comcast financial news by email, please visit <http://www.cmcsa.com> or <http://www.cmcsk.com> and subscribe to e-mail Alerts.

About Comcast:

Comcast Corporation (Nasdaq: CMCSA, CMCSK) (<http://www.comcast.com>) is the nation's leading provider of cable, entertainment and communications products and services. With 21.4 million cable customers, 7.7 million high-speed Internet customers, and 1.2 million voice customers, Comcast is principally involved in the development, management and operation of broadband cable networks and in the delivery of programming content.

The Company's content networks and investments include E! Entertainment Television, Style Network, The Golf Channel, Outdoor Life Network, G4, AZN Television, PBS KIDS Sprout, TV One and four regional Comcast SportsNets. The Company also has a majority ownership in Comcast-Spectacor, whose major holdings include the Philadelphia Flyers NHL hockey team, the Philadelphia 76ers NBA basketball team and two large multipurpose arenas in Philadelphia. Comcast Class A common stock and Class A Special common stock trade on The NASDAQ Stock Market under the symbols CMCSA and CMCSK, respectively.

SOURCE Comcast Corporation