COMCAST CORP
Form 8-K
October 04, 2002

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): October 1, 2002

COMCAST CORPORATION
(Exact Name of Registrant
as Specified in Its Charter)

PENNSYLVANIA
(State or Other Jurisdiction of Incorporation)

0-6983	23-1709202
(Commission File Number)	(IRS Employer Identification No.)
1500 MARKET STREET PHILADELPHIA, PA (Address of Principal Executive Office)	19102-2148 (Zip Code)

(215) 665-1700
(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

ITEM 5. OTHER EVENTS.

On September 26, 2002, Comcast Corporation reported on Form 8-K that the Staff of the Securities and Exchange Commission indicated that it would not object if AT&T Comcast corporation treated the exchange offer as resulting in a new measurement date. See the Comcast Form 8-K filed on September 26, 2002.

Subsequent discussions with the Staff on October 1, 2002 clarified that the new measurement date is established as of the date of the substantive modification of the merger agreement related to the change in the "other" consideration being paid. Further, the new measurement date is established irrespective of whether the exchange offer is completed.

If the closing date of the AT&T Comcast transaction were as of June 30, 2002, the estimated aggregate consideration to complete the AT&T Comcast transaction would be $47,486 million, consisting of $25,583 million of AT&T Comcast common stock based upon a per share price of $18.80, $21,273 million of assumed debt at estimated fair value, and $630 million of Comcast's transaction costs directly related to the AT&T Comcast transaction.

Item 7(b) to this current report on Form 8-K contains unaudited pro forma combined condensed financial statements of AT&T Comcast Corporation as of June 30, 2002 and for the six months ended June 30, 2002 and the year ended December 31, 2001, giving effect to the AT&T Comcast transaction and using the new measurement date of August 12, 2002. These pro forma financial statements are those included in an amendment filed on October 4, 2002, to AT&T's exchange offer registration statement.

ITEM 7(B). PRO FORMA FINANCIAL INFORMATION.

UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS
OF AT&T COMCAST CORPORATION

The following Unaudited Pro Forma Combined Condensed Balance Sheet of AT&T Comcast as of June 30, 2002 and the Unaudited Pro Forma Combined Condensed Statements of Operations of AT&T Comcast for the six months ended June 30, 2002 and the year ended December 31, 2001 give effect to the AT&T Comcast transaction. The pro forma financial statements account for the AT&T Comcast transaction under the purchase method of accounting.

The Unaudited Pro Forma Combined Condensed Balance Sheet assumes the AT&T Comcast transaction occurred on June 30, 2002. The Unaudited Pro Forma Combined Condensed Statements of Operations assume the AT&T Comcast transaction occurred on January 1, 2001. The unaudited pro forma financial data is based on the historical consolidated financial statements of Comcast and the historical combined financial statements of AT&T Broadband Group under the assumptions and adjustments set forth in the accompanying explanatory notes.

AT&T and Comcast have determined that the AT&T Comcast transaction will be accounted for as an acquisition by Comcast of AT&T Broadband Group. See Note 5 to the consolidated financial statements of Comcast for the year ended December 31, 2001 included in this prospectus. As Comcast is considered the accounting acquiror, the historical basis of Comcast's assets and liabilities will not be affected by the AT&T Comcast transaction. For purposes of developing the Unaudited Pro Forma Combined Condensed Balance Sheet as of June 30, 2002, AT&T

Broadband Group's assets, including identifiable intangible assets, and liabilities have been recorded at their estimated fair values and the excess purchase price has been assigned to goodwill. No adjustment has been made to AT&T Broadband Group's franchise rights. The fair values assigned in these pro forma financial statements are preliminary and represent management's best estimates of current fair value which are subject to revision upon completion of the AT&T Comcast transaction. Management of both companies currently knows of no events or circumstances other than those disclosed in these pro forma notes that would require a material change to the preliminary purchase price allocation. However, a final determination of required purchase accounting adjustments will be made upon the completion of a study to be undertaken by AT&T Comcast in conjunction with independent appraisers to determine the fair value of certain of AT&T Broadband Group's assets, including identifiable intangible assets, and liabilities. Assuming completion of the AT&T Comcast transaction, the actual financial position and results of operations will differ, perhaps significantly, from the pro forma amounts reflected herein due to a variety of factors, including access to additional information, changes in value not currently identified and changes in operating results between the dates of the pro forma financial data and the date on which the AT&T Comcast transaction takes place. See Note (b) to Unaudited Pro Forma Combined Condensed Balance Sheet.

Comcast shareholders will receive shares of AT&T Comcast Class A common stock, AT&T Comcast Class B common stock and AT&T Comcast Class A Special common stock in exchange for shares of Comcast Class A common stock, Comcast Class B common stock and Comcast Class A Special common stock, respectively, based on an exchange ratio of 1 to 1. AT&T Comcast will issue stock options to purchase shares of AT&T Comcast common stock in exchange for all outstanding stock options of Comcast, based on an exchange ratio of 1 to 1.

The consideration to complete the AT&T Comcast transaction will consist of shares of AT&T Comcast common stock, assumed debt of AT&T Broadband Group, the intercompany indebtedness Broadband must pay AT&T upon closing and Comcast's transaction costs. If the closing date of the AT&T Comcast transaction were as of June 30, 2002, the estimated aggregate consideration to complete the AT&T Comcast transaction would be $47,486 million, consisting of $25,583 million of AT&T Comcast common stock based upon a per share price of $18.80, $21,273 million of assumed debt at estimated fair value, and $630 million of Comcast's transaction costs directly related to the AT&T Comcast transaction.

The consideration in the form of AT&T Comcast common stock includes the fair value of the issuance of approximately 1,234 million shares of AT&T Comcast common stock to AT&T shareholders in exchange for

all of AT&T's interests in the AT&T Broadband Group, the fair value of the issuance of 115 million shares of AT&T Comcast common stock to Microsoft Corporation in exchange for Broadband shares that Microsoft will receive immediately prior to the completion of the AT&T Comcast transaction for settlement of its $5 billion aggregate principal amount in quarterly income preferred securities (QUIPS), and the fair value of AT&T Comcast stock options and stock appreciation rights issued in exchange for Broadband stock options and stock appreciation rights.

Subsequent to the original merger agreement, economic and business factors led AT&T and Comcast to agree to change the form of consideration to be paid in the AT&T Comcast transaction. On August 12, 2002, AT&T, among others, filed a registration statement with the Securities and Exchange Commission ("SEC") for a proposed exchange offer relating to $11.8 billion aggregate principal amount of AT&T's existing debt securities. Modification of the original merger agreement to provide for the assumption of a portion of AT&T's debt securities by Broadband and the related reduction in the intercompany indebtedness represents

a substantive change in the non-equity, or "other" consideration being paid in the AT&T Comcast transaction resulting in a new measurement date for determining the value of the Comcast common stock used to value the AT&T Comcast securities to be issued in the AT&T Comcast transaction. The new measurement date is established as of the date of the substantive modification of the original merger agreement and applies irrespective of whether the exchange offer is completed.

The consideration in the form of assumed debt includes the short-term debt due to AT&T, which is due at closing, of $6,486 million, as well as $14,787 million of long-term debt, including current portion, of AT&T Broadband Group. If the exchange offer is successful, then upon completion of the AT&T Comcast transaction a portion of AT&T's debt securities will cease being AT&T obligations and become Broadband obligations (New Broadband Notes) guaranteed by AT&T Comcast and a number of its cable subsidiaries. The AT&T debt securities that become Broadband obligations will reduce the intercompany indebtedness Broadband must pay AT&T by the aggregate principal amount of New Broadband Notes issued. Absent additional deleveraging activities and the effect of the exchange offer, it is expected that the amount of short-term debt due to AT&T will increase to fund capital expenditures, operations and third party debt maturities and redemptions through the completion of the AT&T Comcast transaction. The amount of short-term and long-term debt may be lower or higher at the closing date of the AT&T Comcast transaction.

The unaudited pro forma financial statements reflect that a substantive modification of the original merger agreement has occurred resulting in a new measurement date for accounting purposes. The unaudited pro forma financial statements reflect a measurement date of August 12, 2002, the date the filing of the registration statement with the SEC related to the exchange offer was announced. Accordingly, the fair value of the shares to be issued for the AT&T Broadband Group is based on a price per share of $18.80 which reflects the weighted average market price of Comcast common stock during the period beginning two days before and ending two days after the new measurement date.

In limited circumstances, the number of shares of AT&T Comcast stock to be issued to certain AT&T security holders in connection with the AT&T Comcast transaction is subject to adjustment. If this occurs, the fair value of all of the shares to be issued would be based on the market price of Comcast common stock on the closing date for the AT&T Comcast transaction.

A $1.00 increase/decrease in the per share price of Comcast Class A common stock would result in a $1,349 million increase/decrease in the recorded value of the estimated aggregate consideration in the form of AT&T Comcast common stock.

Subsequent to the adoption of SFAS 142 on January 1, 2002, goodwill and franchise rights are no longer amortized. An increase or decrease in goodwill and/or franchise rights as a result of a change in the measurement date or in the allocation of fair value through the appraisal process would not affect AT&T Comcast's future results of operations other than in periods in which AT&T Comcast may recognize an impairment charge. A change in the recorded value of these intangible assets could increase or decrease the likelihood that AT&T Comcast will recognize an impairment charge related to these intangible assets at some time in the future.

AT&T Comcast intends to review the synergies of the combined business, which may result in a plan to realign or reorganize certain of AT&T Broadband Group's existing operations. The costs of implementing such a plan, if it were to occur, have not been reflected in the accompanying pro forma financial statements. The impact of a potential realignment, assuming such a plan were in

place at the consummation date of the AT&T Comcast transaction, could increase or decrease the amount of goodwill and intangible assets recognized by AT&T Comcast in accordance with Emerging Issues Task Force No. 95-3, "Recognition of Liabilities in Connection with a Purchase Business Combination." The Unaudited Combined Condensed Statements of Operations exclude any benefits that may result from synergies that may be derived, or the elimination of duplicative efforts.

Among the provisions of Statement of Financial Accounting Standards No. 141, "Business Combinations," new criteria have been established for determining whether intangible assets should be recognized separately from goodwill. Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," provides, among other guidelines, that goodwill and intangible assets with indefinite lives will not be amortized, but rather will be tested for impairment on at least an annual basis. Management of both companies believes that cable franchise rights have indefinite lives based upon an analysis utilizing the criteria in paragraph 11 of SFAS No. 142. The pro forma adjustments to the Unaudited Pro Forma Combined Condensed Statement of Operations for the year ended December 31, 2001 reflect the elimination of AT&T Broadband Group's amortization expense related to goodwill and cable franchise rights since this acquisition will be accounted for under the provisions of SFAS No. 142.

Comcast incurred goodwill and cable and sports franchise rights amortization expense of approximately $2,002 million for the year ended December 31, 2001. The historical consolidated financial statements of Comcast included in the Unaudited Pro Forma Combined Condensed Statement of Operations for the year ended December 31, 2001 include the amortization expense related to Comcast's goodwill and cable and sports franchise rights, which has not been eliminated in the pro forma adjustments. Effective January 1, 2002, Comcast, in accordance with the provisions of SFAS No. 142, no longer amortizes goodwill and cable and sports franchise rights.

Management of both companies believes that the assumptions used provide a reasonable basis on which to present the unaudited pro forma financial data. Both companies have completed other acquisitions and dispositions that are not significant, individually or in the aggregate, and, accordingly, have not been included in the accompanying unaudited pro forma financial data. The unaudited pro forma financial data may not be indicative of the financial position or results that would have occurred if the AT&T Comcast transaction had been in effect on the dates indicated or which may be obtained in the future.

The unaudited pro forma financial data should be read in conjunction with the historical consolidated financial statements and accompanying notes thereto for Comcast, and the historical combined financial statements and accompanying notes thereto for AT&T Broadband Group, which have been included herein.

AT&T COMCAST CORPORATION

UNAUDITED PRO FORMA COMBINED CONDENSED BALANCE SHEET
AS OF JUNE 30, 2002

	HISTORICAL COMCAST(A)	HISTORICAL AT&T BROADBAND(A)	PRO FORM ADJUSTMEN
			(AMOUNTS IN MILLION
ASSETS			

Current Assets			
Cash and cash equivalents	$ 557.8	$	$
Investments	1,057.6	414.0	
Accounts receivable, net	957.0	592.0	
Inventories, net	414.0		
Deferred income taxes	135.9		
Other current assets	337.7	420.0	57.
Total current assets	3,460.0	1,426.0	57.
INVESTMENTS	727.6	17,896.0	(1,164.
PROPERTY AND EQUIPMENT, NET	7,023.1	14,861.0	
GOODWILL	6,446.3	15,134.0	(7,591.
FRANCHISE RIGHTS	16,599.4	29,083.0	
OTHER INTANGIBLE ASSETS, NET	1,471.7	1,465.0	
OTHER NON-CURRENT ASSETS, NET	390.7	1,975.0	57.
	$36,118.8	$ 81,840.0	$ (8,640.
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Accounts payable	$ 680.1	$ 712.0	$
			(40.
Accrued expenses and other current liabilities	1,371.7	2,244.0	1,786.
Deferred income taxes	121.8	488.0	
			57.
Short-term debt		6,486.0	(1,993.
Current portion of long-term debt	206.9	2,050.0	(1,681.
Total current liabilities	2,380.5	11,980.0	(1,871.
			572.
			(669.
LONG-TERM DEBT, LESS CURRENT PORTION	10,543.5	13,406.0	3,675.
DEFERRED INCOME TAXES	6,755.2	19,906.0	(79.
			(179.
OTHER NON-CURRENT LIABILITIES	1,421.1	836.0	(6.
MINORITY INTEREST	986.7	1,210.0	
Company-Obligated Convertible Quarterly Income Preferred Securities of Subsidiary Trust Holding Solely Subordinated Debt Securities of AT&T		4,725.0	(4,725.
STOCKHOLDERS' EQUITY			
			1,348.
Common stock	946.7		(47.
			(1,116.
Additional capital	11,791.5		24,234.
Retained earnings	1,317.3		
Accumulated other comprehensive loss	(23.7)		
Combined attributed net assets		29,777.0	(29,777.
Total stockholders' equity	14,031.8	29,777.0	(5,358.
	$36,118.8	$ 81,840.0	$ (8,640.

See Notes to Unaudited Pro Forma Combined Condensed Balance Sheet

AT&T COMCAST CORPORATION

NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED BALANCE SHEET
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE DATA)

(a) These columns reflect the historical balance sheets of the respective companies. Certain reclassifications have been made to the combined historical financial statements of AT&T Broadband Group to conform to the presentation expected to be used by AT&T Comcast.

(b) This entry reflects the preliminary allocation of the purchase price to identifiable net assets acquired and the excess purchase price to goodwill.

		COMMON STOCK	ADDITIONAL CAPITAL	TOTA
Calculation of consideration				
Issuance of common stock to AT&T shareholders (1,233.6 million shares x $18.80)		$1,233.6	$21,958.1	$ 23,1
Issuance of common stock to Microsoft Corporation (115.0 million shares x $18.80)		115.0	2,047.0	2,1
Fair value of AT&T Comcast stock options resulting from the conversion of AT&T Broadband Group stock options in the merger based on Black-Scholes option pricing model			229.3	2
Comcast common stock equity consideration	(b12)	1,348.6	24,234.4	25,5
Transaction costs (assumed to be funded -- $57.5 short-term debt and $572.5 long-term debt)	(b6)			6
Total				$ 26,2
Preliminary estimate of fair value of identifiable net assets acquired				
Book value of AT&T Broadband Group	(b13)			$ 29,7
Elimination of AT&T Broadband Group goodwill				(15,1
Current portion of deferred financing fees	(b1)			
Long-term portion of deferred financing fees	(b3)			
Elimination of accrued dividend for Microsoft Corporation QUIPS (net of tax benefit)	(b4)			
Preliminary estimate of current tax liability arising from the transaction	(b5)			(1,7
Preliminary estimate of adjustment to fair value of AT&T Broadband Group assumed long-term debt	(b7)			6
Preliminary estimate of adjustment to deferred tax liability on adjustments at combined federal and state statutory rate	(b8)			
Certain liabilities retained by AT&T related to Excite@Home	(b9)			1
Preliminary estimate of adjustment to fair value of other non-current liabilities	(b10)			
Redemption of Microsoft Corporation QUIPS	(b11)			4,7
Preliminary estimate of adjustments to fair value of				

identifiable net assets acquired.....		18,6
Acquisition goodwill.....		$ 7,5
Calculation of goodwill acquisition adjustment		
Acquisition goodwill.....		$ 7,5
Gross value of AT&T Broadband Group goodwill.....		(15,1
(b2) Goodwill acquisition adjustment.....		$ (7,5
(i) Maximum number of shares of common stock that could be issued in the AT&T Comcast transaction.....	1,235.0	
Share equivalent of intrinsic value of AT&T Broadband Group stock options and stock appreciation rights.....	(1.4)	
Common stock to be issued to AT&T shareholders.....	1,233.6	

AT&T COMCAST CORPORATION

NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED BALANCE SHEET
(CONCLUDED)

Certain programming and other contracts of AT&T Broadband Group and Comcast may, by their terms, be assumed, altered or terminated as a result of the completion of the AT&T Comcast transaction. However, prior to closing management does not expect to be able to estimate the impact, if any, of favorable or unfavorable contracts that may result from the ultimate allocation of purchase price. See note (l) to the Unaudited Pro Forma Combined Condensed Statements of Operations for a sensitivity analysis of purchase price allocation.

(c) Represents the refinancing of existing short-term debt due to AT&T ($6,486.0) and certain components of the current portion of long-term debt ($1,681.8) with new debt of AT&T Comcast. The refinancing is assumed to be funded 55% with short-term debt and 45% with long-term debt. Short-term and long-term debt amounts do not give effect to the Exchange Offer. The amount of short-term debt will be reduced and the amount of long-term debt will be increased based upon the amount of New Broadband Notes to be issued in connection with the Exchange Offer in an amount to be mutually agreed.

(d) Represents the reclassification of AT&T Broadband Group's investment in Comcast as follows:

Elimination of Comcast stock held by AT&T Broadband Group...	$(1,164.0)
Reclassification of Comcast stock held by AT&T Broadband Group to equity (par value common stock $47.3 and additional capital $1,116.7).....	1,164.0
	$ --

AT&T COMCAST CORPORATION

UNAUDITED PRO FORMA COMBINED CONDENSED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2001

	HISTORICAL COMCAST(A)	HISTORICAL AT&T BROADBAND(A)	INTERCOMPANY ADJUSTMENTS	P ADJ
		(AMOUNTS IN MILLIONS, EXCEPT PER SH		
REVENUES				
Service revenues(m)	$ 5,756.9	$10,132.0	$(108.9)(b)	$
Net sales from electronic retailing	3,917.3			
	9,674.2	10,132.0	(108.9)	
COSTS AND EXPENSES				
Operating (excluding depreciation)	2,905.8	5,459.0	(62.8)(b)	
Cost of goods sold from electronic retailing (excluding depreciation)	2,514.0			
Selling, general and administrative(m)	1,552.6	2,582.0	(22.6)(b)	
Depreciation	1,141.8	2,626.0		
Amortization	2,306.2	2,154.0		
Asset impairment, restructuring and other charges		1,494.0		
	10,420.4	14,315.0	(85.4)	
OPERATING LOSS	(746.2)	(4,183.0)	(23.5)	
OTHER INCOME (EXPENSE)				
Interest expense	(731.8)	(1,735.0)		
Investment income (expense)	1,061.7	(1,947.0)	(18.7)(b)	
Equity in net income (losses) of affiliates	(28.5)			
Other income (expense)	1,301.0	(927.0)		
	1,602.4	(4,609.0)	(18.7)	
INCOME (LOSS) BEFORE INCOME TAXES, MINORITY INTEREST, EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	856.2	(8,792.0)	(42.2)	
INCOME TAX (EXPENSE) BENEFIT	(470.2)	3,857.0	(750.3)(c)	
INCOME (LOSS) BEFORE MINORITY INTEREST, EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	386.0	(4,935.0)	(792.5)	
Net loss from equity investments		(69.0)		
MINORITY INTEREST INCOME (EXPENSE)	(160.4)	833.0	(24.0)(b)	
INCOME (LOSS) BEFORE EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	$ 225.6	$(4,171.0)	$(816.5)	$
Earnings (loss) per share from continuing				

operations -- basic	$ 0.24
Earnings (loss) per share from continuing operations -- assuming dilution	$ 0.23
Weighted average number of common shares outstanding -- basic	949.7
Weighted average number of common shares outstanding -- assuming dilution	964.5

See Notes to Unaudited Pro Forma Combined Condensed Statement of Operations

AT&T COMCAST CORPORATION

UNAUDITED PRO FORMA COMBINED CONDENSED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2002

	HISTORICAL COMCAST(A)	HISTORICAL AT&T BROADBAND(A)	INTERCOMPANY ADJUSTMENTS	PRO FORMA ADJUSTMENTS(D
	(AMOUNTS IN MILLIONS, EXCEPT PER SHARE AMOUNT			
REVENUES				
Service revenues	$ 3,393.4	$ 4,965.0	$(23.5)(b)	$
Net sales from electronic retailing	1,988.0			
	5,381.4	4,965.0	(23.5)	
COSTS AND EXPENSES				
Operating (excluding depreciation)	1,469.4	2,591.0	(13.2)(b)	
Cost of goods sold from electronic retailing (excluding depreciation)	1,260.0			
Selling, general and administrative	977.2	1,342.0	(10.3)(b)	
Depreciation	676.6	1,357.0		
Amortization	98.7	109.0		
Goodwill and franchise impairment charges		16,525.0		
Asset impairment, restructuring and other charges		56.0		
	4,481.9	21,980.0	(23.5)	
OPERATING INCOME (LOSS)	899.5	(17,015.0)		
OTHER INCOME (EXPENSE)				
				(42.8)(
Interest expense	(369.3)	(732.0)		(0.8)(
Investment expense	(707.1)	(1,217.0)		
Equity in net losses of affiliates	(48.4)			(1,004.0)(
Other income (expense)	(14.0)	331.0		
	(1,138.8)	(1,618.0)		(1,047.6)
LOSS BEFORE INCOME TAXES, MINORITY INTEREST, EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING				

CHANGE	(239.3)	(18,633.0)		(1,047.6)
				16.8(i
INCOME TAX BENEFIT	30.2	5,506.0		387.0(h
LOSS BEFORE MINORITY INTEREST, EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	(209.1)	(13,127.0)		(643.8)
Net loss related to equity investments		(617.0)		617.0(h
MINORITY INTEREST EXPENSE	(89.4)	(140.0)		80.0(j
LOSS BEFORE EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	$ (298.5)	$(13,884.0)	$	$ 53.2
Loss per share from continuing operations -- basic	$ (0.31)			
Loss per share from continuing operations -- assuming dilution	$ (0.31)			
Weighted average number of common shares outstanding -- basic	951.9			1,301.3(k
Weighted average number of common shares outstanding -- assuming dilution	951.9			1,301.3(k

See Notes to Unaudited Pro Forma Combined Condensed Statement of Operations

AT&T COMCAST CORPORATION

NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED STATEMENT OF OPERATIONS
(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

(a) These columns reflect the historical statements of operations of the respective companies.

(b) Adjustment reflects the elimination of historical intercompany transactions between Comcast and AT&T Broadband Group as follows: amounts charged by Comcast to AT&T Broadband Group for programming, the gains and losses resulting from the sales of certain cable systems by AT&T Broadband Group to Comcast and Excite@Home transactions.

(c) Represents the elimination of the aggregate historical income tax effects recorded by Comcast and AT&T Broadband Group on Note (b) adjustments above.

(d) AT&T Broadband Group has certain intercompany agreements with AT&T Corp. which will be terminated as of the date of the AT&T Comcast transaction. The costs of replacing these services is uncertain. However, the impact of the termination of these arrangements is not expected to be material.

(e) Represents the elimination of AT&T Broadband Group's historical goodwill and cable franchise rights amortization expense for consolidated subsidiaries and equity method investments. Under the accounting rules set forth in SFAS No. 142 issued by the Financial Accounting Standards Board in June 2001, goodwill and intangibles with indefinite lives are not amortized against earnings other than in connection with an impairment.

(f) Represents the net effect on interest expense resulting from the financings described in Note (c) to the Unaudited Pro Forma Combined Condensed Balance

Sheet. Pro forma interest expense was calculated based on the historical interest rates for the historical debt outstanding and assumed interest rates for the planned credit facilities. The pro forma financial information assumes the financings occurred on January 1, 2001. Amortization of deferred financing costs was calculated based on the expected amounts and terms of the new facilities. Short-term rates are assumed to be 4% and long term rates are assumed to be 7%. Assuming interest rates changed by 0.125%, the related interest expense and pre-tax impact on earnings would be $10.3 million for the year ended December 31, 2001 and $5.2 million for the six months ended June 30, 2002.

(g) Represents the net effect in interest expense as a result of the adjustment of AT&T Broadband Group's long-term debt to its fair value as described in Note (b7) to the Unaudited Pro Forma Combined Condensed Balance Sheet. The difference between the fair value and the face amount of each borrowing is amortized to interest expense over the remaining term of the borrowing.

(h) Represents the reclassification of losses in equity investments for the year ended December 31, 2001 and losses related to equity method investments for the six months ended June 30, 2002 to conform with the presentation currently used by Comcast.

(i) Represents the aggregate pro forma income tax effect of Notes (e) through (g) above at the combined federal and state statutory rate.

(j) Represents the elimination of historical impact of the QUIPS exchanged for AT&T Broadband Group common stock.

(k) For basic earnings (loss) per share, this adjustment represents the issuance of AT&T Comcast shares to AT&T shareholders and Microsoft Corporation offset by shares of Comcast owned by AT&T Broadband Group which are classified as treasury shares (see Note (d) to the Unaudited Pro Forma Combined Condensed Balance Sheet). In addition, earnings per share assuming dilution has been adjusted to include the dilutive effects of AT&T Comcast stock options issued in exchange for the AT&T Broadband Group stock options as well as adjustment for the year-ended December 31, 2001 to Comcast's historical average dilutive shares outstanding since such shares would be anti-dilutive on a pro forma basis.

AT&T COMCAST CORPORATION

NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED
STATEMENT OF OPERATIONS -- (CONCLUDED)
(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

(l) The pro forma combined condensed financial statements reflect a preliminary allocation to tangible assets, liabilities, goodwill and other intangible assets. The final purchase price allocation may result in different allocations for tangible and intangible assets than that presented in these pro forma combined condensed financial statements. The following table shows the absolute dollar effect on pro forma net income (loss) applicable to common shares and net income (loss) per share assuming dilution for every $500 of purchase price allocated to amortizable assets or certain liabilities over assumed weighted-average useful lives. An increase in the purchase amount allocated to amortizable assets or a decrease in the amount allocated to certain liabilities will result in a decrease to net income. A decrease in the amount allocated to amortizable assets or an increase in the amount allocated to certain liabilities will result in an increase to net income.

WEIGHTED AVERAGE LIFE	YEAR ENDED DECEMBER 31, 2001	SIX MONTHS ENDED JUNE 30, 2002
Five years		
Net Income	$61.5	$30.8
Per Share	$0.03	$0.01
Ten years		
Net Income	$30.8	$15.4
Per Share	$0.01	$0.01
Twenty years		
Net Income	$15.4	$ 7.7
Per Share	$0.01	$0.00

(m) Comcast's consolidated statement of operations for the year ended December 31, 2001 reflects franchise fees collected from cable subscribers as a reduction of the related franchise fee expense included within selling, general and administrative expenses. Upon adoption of EITF 01-14 "Income Statement Characterization of Reimbursements Received for 'Out-of-Pocket' Expenses Incurred," on January 1, 2002, Comcast reclassified such amounts to service revenues. The change in classification had no impact on the unaudited pro forma operating loss. The effect of the reclassification on the Unaudited Pro Forma Combined Condensed Statement of Operations for the ended December 31, 2001 would be to increase service revenues and selling, general and administrative expenses by $192.3 million.

SIGNATURE

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

Comcast Corporation

Date: October 4, 2002

By: /s/ Lawrence J. Salva

Name: Lawrence J. Salva
Title: Senior Vice President and Chief Accounting Officer