

Notes to Consolidated Financial Statements (Continued)

Years Ended December 31, 2004, 2003 and 2002

On December 23, 2004, the Compensation Committee of our Board of Directors approved the acceleration of vesting of all unvested options granted prior to January 1, 2003, to purchase shares of our Class A Special common stock having an exercise price of \$34 or greater and held by current employees. Options with respect to approximately 15.6 million shares of our Class A Special common stock were subject to this acceleration. This acceleration was effective as of December 31, 2004, except for those holders of incentive stock options ("ISOs"), who were given the opportunity to decline the acceleration of an option if such acceleration would have the effect of changing the status of the option for federal income tax purposes from an ISO to a non-qualified stock option. Because these options had exercise prices in excess of current market values (are "underwater") and were not fully achieving their original objectives of incentive compensation and employee retention, the acceleration may have a positive effect on employee morale, retention and perception of option value. The acceleration also takes into account the fact that in December 2004, we completed the repurchase of stock options held by certain non-employees for cash (including underwater options) under a stock option liquidity program (see *Note 10*), and that no such offer (nor any other "solution" for underwater options) was made to current employees. The effect of the acceleration of approximately \$39 million, net of tax, is reflected in our 2004 pro forma amounts above. This acceleration eliminates the future compensation expense we would otherwise recognize in our statement of operations with respect to these options once FASB Statement No. 123R, "Share-Based Payment," ("SFAS No. 123R") becomes effective in 2005 (see *Note 3*).

The weighted-average fair value at date of grant of a Class A common stock option granted under our option plans during 2004, 2003 and 2002 was \$11.44, \$9.81 and \$9.81, respectively. The weighted-average fair value at date of grant of a Class A Special common stock option granted under our option plans during 2002 was \$13.72. The fair value of each option granted during 2004, 2003 and 2002 was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	2004	2003	2002	
	Class A Common Stock	Class A Common Stock	Class A Common Stock	Class A Special Common Stock
Dividend yield	0%	0%	0%	0%
Expected volatility	28.6%	29.3%	29.2%	29.6%
Risk-free interest rate	3.5%	3.2%	4.0%	4.9%
Expected option life (in years)	7.0	5.9	7.0	7.0
Forfeiture rate	3.0%	3.0%	3.0%	3.0%

The pro forma effect on net income (loss) and net income (loss) per share for the years ended December 31, 2004, 2003 and 2002 by applying SFAS No. 123 may not be indicative of the pro forma effect on net income or loss in future years since SFAS No. 123 does not take into consideration additional awards that may be granted in future years on a much larger employee base.

As of December 31, 2004, there was \$234 million of total unrecognized, pre-tax compensation cost related to non-vested stock options. This cost is expected to be recognized over a weighted average period of approximately two years. Upon adoption of FAS 123R effective July 1, 2005, such cost will be recognized directly in our consolidated statement of operations.

Postretirement and Postemployment Benefits

We charge to operations the estimated costs of retiree benefits and benefits for former or inactive employees, after employment but before retirement, during the years the employees provide services (see *Note 9*).

Income Taxes

We recognize deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of our assets and liabilities and the expected benefits of utilizing net operating loss carryforwards. The impact on deferred taxes of changes in tax rates and laws, if any, applied to the years during which temporary differences are expected to be settled, are reflected in the consolidated financial statements in the period of enactment (see *Note 11*).

We account for income tax uncertainties that arise in connection with business combinations and those that are associated with entities acquired in business combinations in accordance with EITF 93-7, "Uncertainties Related to Income Taxes in a Purchase Business Combination." Deferred tax assets and liabilities are recorded at the date of a business combination based on our best estimate of the ultimate tax basis that will be accepted by the various taxing authorities. Liabilities for contingencies associated with prior tax returns filed by the acquired entity are recorded based on our best estimate of the ultimate settlement that will be accepted by the various taxing authorities. Estimated interest expense on these liabilities subsequent to the acquisition is reflected in our consolidated tax

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provision. We adjust these deferred tax accounts and liabilities periodically to reflect revised estimated tax bases and any estimated settlements with the various taxing authorities. The effect of these adjustments is generally applied to goodwill.

Derivative Financial Instruments

We use derivative financial instruments for a number of purposes. We manage our exposure to fluctuations in interest rates by entering into interest rate exchange agreements ("swaps"), interest rate lock agreements ("rate locks"), interest rate cap agreements ("caps") and interest rate collar agreements ("collars"). We manage the cost of our share repurchases through the sale of equity put option contracts ("Comcast put options") and the purchase of capped-call option contracts. We manage our exposure to fluctuations in the value of some of our investments by entering into equity collar agreements ("equity collars") and equity put option agreements ("equity put options"). We are also party to equity warrant agreements ("equity warrants"). We have issued indexed debt instruments ("Exchangeable Notes" and "ZONES") and entered into prepaid forward sale agreements ("prepaid forward sales") whose value, in part, is derived from the market value of certain publicly traded common stock, and we have also sold call options on some of our investments in equity securities in order to monetize a portion of those investments. Equity hedges are used to manage exposure to changes in equity prices associated with stock appreciation rights of some of Broadband's previously affiliated companies. These equity hedges are recorded at fair value based on market quotes.

For derivative instruments designated and effective as fair value hedges, such as our fixed to variable swaps, changes in the fair value of the derivative instrument are substantially offset in the consolidated statement of operations by changes in the fair value of the hedged item. For derivative instruments designated as cash flow hedges, such as our variable to fixed swaps and rate locks, the effective portion of any hedge is reported in other comprehensive income (loss) until it is recognized in earnings during the same period in which the hedged item affects earnings. The ineffective portion of all hedges is recognized in current earnings each period. Changes in the fair value of derivative instruments that are not designated as a hedge are recorded each period in current earnings.

When a fair value hedge is terminated, sold, exercised or has expired, the adjustment in the carrying amount of the fair value hedged item is deferred and recognized in earnings when the hedged item is recognized in earnings. When a hedged item is settled or sold, the adjustment in the carrying amount of the hedged item is recognized in earnings. When hedged variable rate debt is settled, the previously deferred effective portion of the hedge is written off similar to debt extinguishment costs.

Equity warrants and equity collars are adjusted to estimated fair value on a current basis with the result included in investment income (loss), net in our consolidated statement of operations.

Derivative instruments embedded in other contracts, such as our Exchangeable Notes, ZONES and prepaid forward sales, are separated into their host and derivative financial instrument components. The derivative component is recorded at its estimated fair value in our consolidated balance sheet with changes in estimated fair value recorded in investment income (loss), net in our consolidated statement of operations.

All derivative transactions must comply with our Board-authorized derivatives policy. We do not hold or issue any derivative financial instruments for speculative or trading purposes and are not a party to leveraged instruments (see *Note 8*). We manage the credit risks associated with our derivative financial instruments through the evaluation and monitoring of the creditworthiness of the counterparties. Although we may be exposed to losses in the event of nonperformance by the counterparties, we do not expect such losses, if any, to be significant.

We periodically examine those instruments we use to hedge exposure to interest rate and equity price risks to ensure that the instruments are matched with underlying assets or liabilities, reduce our risks relating to interest rates or equity prices and, through market value and sensitivity analysis, maintain a high correlation to the risk inherent in the hedged item. For those instruments that do not meet the above criteria, variations in their fair value are reflected on a current basis in our consolidated statement of operations.

Securities Lending Transactions

We may enter into securities lending transactions pursuant to which we require the borrower to provide cash collateral equal to the value of the loaned securities, as adjusted for any changes in the value of the underlying loaned securities. Loaned securities for which we maintain effective control are included in investments in our consolidated balance sheet.

Reclassifications

Reclassifications have been made to the prior years' consolidated financial statements to conform to those classifications used in 2004.

Notes to Consolidated Financial Statements (Continued)

Years Ended December 31, 2004, 2003 and 2002

3. RECENT ACCOUNTING PRONOUNCEMENTS

EITF 03-16

In March 2004, the EITF reached a consensus regarding Issue No. 03-16, "Accounting for Investments in Limited Liability Companies" ("EITF 03-16"). EITF 03-16 requires investments in limited liability companies ("LLCs") that have separate ownership accounts for each investor to be accounted for similar to a limited partnership investment under Statement of Position No. 78-9, "Accounting for Investments in Real Estate Ventures." Investors are required to apply the equity method of accounting to their investments at a much lower ownership threshold than the 20% threshold applied under APB No. 18, "The Equity Method of Accounting for Investments in Common Stock." We adopted EITF 03-16 on July 1, 2004. The adoption of EITF 03-16 did not have a material impact on our financial condition or results of operations.

EITF 04-1

In September 2004, the EITF reached a consensus regarding Issue No. 04-1, "Accounting for Preexisting Relationships Between the Parties to a Business Combination" ("EITF 04-1"). EITF 04-1 requires an acquirer in a business combination to evaluate any preexisting relationship with the acquiree to determine if the business combination in effect contains a settlement of the preexisting relationship. A business combination between parties with a preexisting relationship should be viewed as a multiple element transaction. EITF 04-1 is effective for business combinations after October 13, 2004, but requires goodwill resulting from prior business combinations involving parties with a preexisting relationship to be tested for impairment by applying the guidance in the consensus. We will apply EITF 04-1 to acquisitions subsequent to the effective date and in our future goodwill impairment testing.

SFAS No. 123R

In December 2004, the FASB issued SFAS No. 123 (revised 2004), "Share-Based Payment" ("SFAS No. 123R"), which replaces SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123") and supercedes APB Opinion No. 25, "Accounting for Stock Issued to Employees." SFAS No. 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values, beginning with the first interim or annual period after June 15, 2005, with early adoption encouraged. In addition, SFAS No. 123R will cause unrecognized expense (based on the amounts in our pro forma footnote disclosure) related to options vesting after the date of initial adoption to be recognized as a charge to results of operations over the remaining vesting period. We are required to adopt SFAS No. 123R in our third quarter of 2005, beginning July 1, 2005. Under SFAS No. 123R, we must determine the appropriate fair value model to be used for valuing share-based payments, the amortization method for compensation cost and the transition method to be used at the date of adoption. The transition alternatives include prospective and retroactive adoption methods. Under the retroactive methods, prior periods may be restated either as of the beginning of the year of adoption or for all periods presented. The prospective method requires that compensation expense be recorded for all unvested stock options and share awards at the beginning of the first quarter of adoption of SFAS No. 123R, while the retroactive methods would record compensation expense for all unvested stock options and share awards beginning with the first period restated. We are evaluating the requirements of SFAS No. 123R and we expect that the adoption of SFAS No. 123R will have a material impact on our consolidated results of operations and earnings per share. We have not determined the method of adoption or the effect of adopting SFAS No. 123R.

4. EARNINGS PER SHARE

Earnings (loss) per common share ("EPS") is computed by dividing net income (loss) for common stockholders by the weighted average number of common shares outstanding during the period on a basic and diluted basis.

Our potentially dilutive securities include potential common shares related to our stock options, restricted stock, and Comcast exchangeable notes (see *Note 8*). Diluted earnings for common stockholders per common share ("Diluted EPS") considers the impact of potentially dilutive securities except in periods in which there is a loss because the inclusion of the potential common shares would have an antidilutive effect. Diluted EPS excludes the impact of potential common shares related to our stock options in periods in which the option exercise price is greater than the average market price of our Class A common stock and our Class A Special common stock during the period. Diluted EPS excludes the impact of potential common shares related to our Class A Special common stock held in treasury because it is our intent to settle the related Comcast exchangeable notes using cash (see *Note 8*).

Diluted EPS for 2004 excludes approximately 103 million potential common shares related to our stock compensation plans because the option exercise price was greater than the average market price of our Class A common stock and our Class A Special common stock for the period.

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Diluted EPS for 2003 and 2002 excludes approximately 146 million and 91 million potential common shares, respectively, primarily related to our stock compensation plans because the assumed issuance of such potential common shares is antidilutive in periods in which there is a loss from continuing operations.

The following table reconciles the numerator and denominator of the computations of Diluted EPS for common stockholders from continuing operations for the years presented:

(Dollars in millions, except per share data) Year Ended December 31,	2004			2003			2002		
	Income	Shares	Per Share Amount	Loss	Shares	Per Share Amount	Loss	Shares	Per Share Amount
Basic EPS for common stockholders	\$ 970	2,240	\$ 0.43	\$ (218)	2,256	\$ (0.10)	\$ (469)	1,110	\$ (0.42)
Effect of Dilutive Securities									
Assumed exercise or issuance of shares relating to stock compensation plans	—	10	—	—	—	—	—	—	—
Diluted EPS	\$ 970	2,250	\$ 0.43	\$ (218)	2,256	\$ (0.10)	\$ (469)	1,110	\$ (0.42)

5. ACQUISITIONS AND OTHER SIGNIFICANT EVENTS

Acquisition of Broadband

On November 18, 2002, we completed the acquisition of Broadband. The results of the Broadband operations have been included in our consolidated financial statements since that date. The acquisition created the largest cable operator in the United States by combining Broadband's and our cable networks.

The consideration to complete the acquisition of Broadband was \$50.660 billion, consisting of \$25.495 billion of our common stock and options, \$24.740 billion of assumed debt, and \$425 million of transaction costs directly related to the acquisition. We issued approximately 1.348 billion shares of our common stock (excluding shares of Class A common stock issued and classified as treasury stock) consisting of 1.233 billion shares of our Class A common stock issued to Broadband shareholders in exchange for all of AT&T's interests in Broadband and approximately 100.6 million shares and 14.4 million shares of our Class A and Class A Special common stock, respectively, issued to Microsoft in exchange for Broadband shares that Microsoft received immediately prior to the completion of the Broadband acquisition for settlement of its \$5 billion aggregate principal amount in quarterly income preferred securities. We also issued 61.1 million options in exchange for outstanding Broadband options. The shares issued for Broadband were valued based on a price per share of \$18.80 that reflects the weighted average market price of Comcast Holdings common stock during the period beginning two days before and ending two days after August 12, 2002. The acquisition was structured as a tax-free transaction to us, to Comcast Holdings and to AT&T. The identification of Comcast Holdings as the acquiring entity was made after careful consideration of all facts and circumstances, including those outlined in SFAS No. 141 related to voting rights, the existence of a large minority voting interest, governance arrangements and composition of senior management.

Purchase Price Allocation. The application of purchase accounting under SFAS No. 141 requires that the total purchase price of an acquisition be allocated to the fair value of the assets acquired and liabilities assumed based on their fair values at the acquisition date. During 2003, we finalized the Broadband purchase price allocation except for litigation contingencies relating to our share of AT&T's potential liability associated with the At Home Corporation litigation (see Note 13). We have arranged with AT&T to obtain additional information to assist with the evaluation of this potential liability and continue to expect to receive such information. However, we have concluded that continued delays in obtaining such information indicate it cannot be used in allocating the Broadband purchase price. Accordingly, the allocation period is complete and any adjustment recorded in the future associated with these litigation contingencies will be included in our results of operations in the period in which a liability, if any, is deemed probable and reasonably estimable. Such adjustment is not expected to have a material effect on our consolidated financial position, but it could possibly be material to our results of operations in the period in which it is determined.

As of the acquisition date, we initiated integration activities based on a preliminary plan to terminate employees and exit specific contractual obligations. Under the guidance in EITF 95-3, "Recognition of Liabilities in Connection with a Purchase Business Combination," the plan must be finalized within one year of the acquisition date and must identify all significant actions to be taken to complete the plan. Therefore, costs related to terminating employees and exiting contractual obligations of the acquired entity are included in the purchase price allocation. Changes to these estimated termination or exit costs are reflected as adjustments to the purchase price allocation to the extent they occur within one year of the acquisition date or if there are reductions in the amount of estimated termination or exit costs accrued. Otherwise, changes will affect results of operations.

Notes to Consolidated Financial Statements (Continued)

Years Ended December 31, 2004, 2003 and 2002

The following table summarizes the fair values of the assets acquired and liabilities assumed and the related deferred income taxes as of the acquisition date and reflects adjustments to the purchase price allocation through the end of the allocation period. Adjustments have been made to Broadband's goodwill in 2004 related to tax contingencies and exit accruals that are not reflected below (dollars in millions):

Current assets	\$	1,768
Investments		17,325
Property, plant and equipment		11,023
Amortizable intangible assets:		
Franchise related customer relationships		3,386
Other		146
Cable franchise rights		34,390
Goodwill		9,178
Other noncurrent assets		300
Total assets		77,516
Accounts payable, accrued expenses and other current liabilities		(4,407)
Short-term debt and current portion of long-term debt		(8,049)
Long-term debt		(16,691)
Deferred income taxes		(18,397)
Other non-current liabilities		(5,178)
Total liabilities		(52,722)
Comcast shares held by Broadband, classified as treasury stock		1,126
Net assets acquired	\$	25,920

In the aggregate, the intangible assets that are subject to amortization have a weighted average useful life of 4 years. Franchise related customer relationships have a weighted average useful life of 4 years. The \$9.178 billion of goodwill, none of which was deductible for income tax purposes, was assigned to our cable segment.

Liabilities associated with exit activities originally recorded in the purchase price allocation consisted of \$602 million associated with accrued employee termination and related costs and \$929 million associated with either the cost of terminating contracts or the present value of remaining amounts payable under non cancelable contracts. Amounts paid, adjustments made against these accruals and interest accretion during 2003 and 2004 were as follows (dollars in millions):

	Employee Termination and Related Costs	Contract Exit Costs
Balance, December 31, 2002	\$ 492	\$ 913
Payments	(216)	(48)
Adjustments	(141)	(412)
Interest accretion	—	8
Balance, December 31, 2003	\$ 135	\$ 461
Payments	(76)	(21)
Adjustments	(36)	(391)
Interest accretion	—	3
Balance, December 31, 2004	\$ 23	\$ 52

The adjustments in the preceding table reflect reductions in the estimated payments related to employee termination and contract exit costs.

Notes to Consolidated Financial Statements (Continued)

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The following unaudited pro forma information has been presented as if the Broadband acquisition occurred on January 1, 2002. This information is based on historical results of operations, adjusted for acquisition costs, and, in the opinion of management, is not necessarily indicative of what the results would have been had we operated the entities acquired since such dates.

(Dollars in millions, except per share data)
Year Ended December 31,

2002

Revenues	\$	16,754
Loss before cumulative effect of accounting change	\$	(15,071)
Net loss	\$	(15,071)
Diluted EPS	\$	(6.55)

The unaudited pro forma information for the year ended December 31, 2002 includes \$11.781 billion, net of tax, of goodwill and franchise impairment charges, and \$56 million of asset impairment, restructuring and other charges recorded by Broadband prior to the closing of the Broadband acquisition.

Pro forma information reflecting our 2004 and 2003 transactions is not presented due to immateriality.

2004 Activity

Gemstar

On March 31, 2004, we entered into a long-term, non-exclusive patent license and distribution agreement with Gemstar-TV Guide International in exchange for a one-time payment of \$250 million to Gemstar. This agreement allows us to utilize Gemstar's intellectual property and technology and the TV Guide brand and content on our interactive program guides. We have allocated the \$250 million amount paid based on the fair value of the components of the contract to various intangible and other assets, which are being amortized over a period of 3 to 12 years. In addition, we and Gemstar formed an entity to develop and enhance interactive programming guides.

TechTV

On May 10, 2004, we completed the acquisition of TechTV Inc. by acquiring all outstanding common and preferred stock of TechTV from Vulcan Programming Inc. for approximately \$300 million in cash. Substantially all of the purchase price has been recorded to intangible assets based on a preliminary allocation of value and is being amortized over a period of 2 to 12 years. On May 28, 2004, G4 and TechTV began operating as one network that is available to approximately 47 million cable and satellite homes nationwide as of December 31, 2004. We have classified G4 as part of our content business segment (see Note 14). The effects of our acquisition of TechTV have been reflected in our consolidated statement of operations from the date of the transaction.

Liberty Exchange Agreement

On July 28, 2004, we exchanged approximately 120 million shares of Liberty Media Corporation Series A common stock that we held (see Note 6), valued at approximately \$1.022 billion based upon the price of Liberty common stock on the closing date of the transaction, with Liberty for 100% of the stock of Liberty's subsidiary, Encore ICCP, Inc. Encore's assets consisted of cash of approximately \$547 million, a 10.4% interest in E! and 100% of International Channel Networks. We also received all of Liberty's rights, benefits and obligations under the TCI Music contribution agreement, which resulted in the resolution of all pending litigation between Liberty and us regarding the contribution agreement (see Note 13). The Liberty exchange increased our portfolio of programming investments because we now own 60.5% of E! and 100% of International Channel Networks. The exchange was structured as a tax free transaction. We allocated the value of the shares exchanged in the transaction among cash, our additional investment in E!, International Channel Networks and the resolution of the litigation related to the contribution agreement. The values of certain of these assets and liabilities are based on preliminary valuations and are subject to adjustment as the valuation reports are obtained. The effects of our acquisition of the additional interest in E! and our acquisition of International Channel Networks have been reflected in our consolidated statement of operations from the date of the transaction.

2003 Activity

Comcast SportsNet Chicago

In December 2003, we, in conjunction with affiliates of the Chicago Blackhawks, Bulls, Cubs and White Sox professional sports teams, formed CSN Chicago. This 24-hour regional sports network is available to approximately 2.8 million Chicago-area cable and satellite subscribers as of December 31, 2004. We acquired our controlling interest in this network for approximately \$87 million in cash, which

Notes to Consolidated Financial Statements (Continued)

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was allocated to contract-related intangibles and is being amortized over a period of 15 years. The results of CSN Chicago have been included in our consolidated financial statements since the date of formation.

The Golf Channel

In December 2003, we acquired the approximate 8.6% interest in TGC previously held by the Tribune Company for \$100 million in cash. This amount has been allocated to cable and satellite television distribution rights, which is being amortized over a period of approximately eight years, and to goodwill. As a result, we now own 99.9% of TGC.

Bresnan Transaction

On March 20, 2003, we completed the transaction with Bresnan Broadband Holdings, LLC and Bresnan Communications, LLC (together, "Bresnan") pursuant to which we transferred cable systems serving approximately 314,000 subscribers in Montana, Wyoming, Colorado and Utah to Bresnan that we had acquired in connection with the Broadband acquisition. We received \$525 million in cash, plus preferred and common equity interests in Bresnan, in exchange for these cable systems. The transfer of these cable systems was accounted for at fair value with no gain or loss recognized. The results of operations for these cable systems for the first quarter of 2003 were not significant and were included in equity in net losses of affiliates in our consolidated statement of operations.

TWE Restructuring

On March 31, 2003, we completed the restructuring of our investment in Time Warner Entertainment Company L.P. ("TWE"). As a result of the restructuring, Time Warner Inc. assumed complete control over TWE's content assets, including Home Box Office, Warner Bros., and stakes in The WB Network, Comedy Central and Court TV. All of Time Warner's interests in cable, including those held through TWE, are now held through or for the benefit of a new subsidiary of Time Warner called Time Warner Cable Inc. ("TWC"). In exchange for our 27.6% interest in TWE, we received common-equivalent preferred stock of Time Warner, which will be converted into \$1.5 billion of Time Warner common stock valued upon completion of an effective registration statement filing with the SEC, and we received a 21% economic stake in the business of TWC. In addition, we received \$2.1 billion in cash that was used immediately to repay amounts outstanding under our credit facilities (see Notes 6 and 8). The TWE restructuring was accounted for as a fair value exchange with no gain or loss recognized. Under the restructuring agreement, we have registration rights that should facilitate the disposal or monetization of our shares in TWC and in Time Warner. On December 29, 2003, demand registration rights were exercised to start the registration process for the sale of up to 17.9% of TWC.

As part of the process of obtaining approval of the Broadband acquisition from the Federal Communications Commission ("FCC"), at the closing of the Broadband acquisition, we placed our entire interest in TWE in trust for orderly disposition. Any non-cash consideration received in respect of such interest as a result of the TWE restructuring, including the Time Warner and TWC stock, will remain in trust until disposed of or FCC approval is obtained to remove such interests from the trust.

Under the trust, the trustee has exclusive authority to exercise any management or governance rights associated with the securities in trust. The trustee also has the obligation, subject to our rights as described in the last sentence of this paragraph, to exercise available registration rights to effect the sale of such interests in a manner intended to maximize the value received consistent with the goal of disposing such securities in their entirety by November 2007. Following this time, if any securities remain in trust, the trustee will be obligated to dispose of the remaining interests as quickly as possible, and in any event by May 2008. The trustee is also obligated, through November 2007, to effect various specified types of sale or monetization transactions with respect to the securities as may be proposed by us from time to time.

On September 27, 2004, we and Time Warner announced an agreement that provides us with an option to reduce our effective overall interest in TWC from approximately 21% to 17% in exchange for stock of a subsidiary that will hold cable systems which will serve approximately 90,000 basic subscribers and own approximately \$750 million in cash. The agreement grants us the option to require TWC to redeem a portion of the TWC common stock held in trust in exchange for 100% of the common stock of the TWC subsidiary. The option may be exercised at any time prior to the 60th day (the "Termination Date") following a notice that may be given at any time by either party of termination of the option period. In addition, the trust that holds the TWC shares agreed not to request that TWC register the trust's shares in TWC for sale in a public offering prior to the Termination Date. In the absence of an effective registration statement, the common-equivalent preferred stock of Time Warner will automatically convert into \$1.5 billion of Time Warner common stock on March 31, 2005. These shares of common stock will then be freely saleable without registration under the Securities Act.

Sale of QVC

On September 17, 2003, we completed the sale to Liberty Media Corporation of all shares of QVC common stock held by a number of our direct wholly-owned subsidiaries for an aggregate value of approximately \$7.7 billion, consisting of \$4 billion principal amount of

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Liberty's Floating Rate Senior Notes due 2006 (the "Liberty Notes"), \$1.35 billion in cash and approximately 218 million shares of Liberty Series A common stock. The shares had a fair value on the closing date of \$10.73 per share. As a condition of closing, some equity awards were required to be settled. The cost of settling the awards was included in the costs of the transaction. The consideration received, net of transaction costs, over our carrying value of the net assets of QVC resulted in a gain of approximately \$3.290 billion, net of approximately \$2.865 billion of related income taxes.

The results of operations of QVC prior to its disposition are included within income from discontinued operations, net of tax as follows (dollars in millions):

Year Ended December 31,	2003	2002
Revenues	\$ 2,915	\$ 4,381
Income before income taxes and minority interest	\$ 496	\$ 624
Income tax expense	\$ 184	\$ 263

For financial reporting purposes, the QVC transaction is presented as having occurred on September 1, 2003. As such, the 2003 period includes QVC operations through August 31, 2003, as reported to us by QVC.

6. INVESTMENTS

(Dollars in millions) December 31,	2004	2003
Fair value method		
Cablevision	\$ 362	\$ 970
Liberty Media Corporation	1,098	2,644
Liberty Media International	366	—
Microsoft	626	1,331
Sprint	701	349
Vodafone	540	1,245
Other	24	44
	3,717	6,583
Equity method, principally cable-related	2,460	2,493
Cost method, principally TWC and Time Warner	8,190	8,235
	14,367	17,311
Less: current investments	1,555	2,493
Non-current investments	\$ 12,812	\$ 14,818

Fair Value Method

We hold unrestricted equity investments, which we account for as available for sale or trading securities, in publicly traded companies. Our investments in Liberty, Liberty Media International, Inc. ("Liberty International"), Microsoft, Sprint and Vodafone, and approximately 80% of our investment in Cablevision, are accounted for as trading securities. The net unrealized pre-tax gains on investments accounted for as available for sale securities as of December 31, 2004 and 2003, of \$26 million and \$65 million, respectively, have been reported in our consolidated balance sheet principally as a component of accumulated other comprehensive loss, net of related deferred income taxes of \$9 million and \$23 million, respectively.

On June 7, 2004, we received approximately 11 million shares of Liberty Media International, Inc. ("Liberty International") Series A common stock in connection with the spin-off by Liberty of Liberty International. In the spin-off, each share of Liberty Series A and Series B common stock received 0.05 shares of the new Liberty International Series A common stock. Approximately 5 million of these shares collateralize a portion of the 10 year prepaid forward sale of Liberty common stock that we entered into in December 2003 (see below). On December 2, 2004, we sold 3 million shares of Liberty International Series A common stock to Liberty in a private transaction for proceeds of \$128 million.

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The cost, fair value and unrealized gains and losses related to our available for sale securities are as follows (dollars in millions):

December 31,	2004	2003
Cost	\$ 65	\$ 92
Unrealized gains	26	66
Unrealized losses	—	(1)
Fair value	\$ 91	\$ 157

Proceeds from the sales of available for sale securities for the years ended December 31, 2004, 2003 and 2002 were \$67 million, \$1.222 billion and \$874 million, respectively. Gross realized gains and losses on these sales for the years ended December 31, 2004, 2003 and 2002 were \$10 million, \$27 million and (\$48) million, respectively.

We also hold a series of option agreements (the "Microsoft Collars" and "Vodafone Collars") with a single bank counterparty that limits our exposure to and benefits from price fluctuations in the Microsoft common stock and Vodafone ADRs. Certain Microsoft Collars and Vodafone Collars are recorded in investments at fair value, with unrealized gains or losses being recorded to investment income (loss), net. These unrealized gains or losses are substantially offset by the changes in the fair value of shares of Microsoft common stock and Vodafone ADRs.

During 2004, we settled some of our obligations relating to our Cablevision, Microsoft and Vodafone exchangeable notes (see *Note 8*) by delivering approximately 26.9 million Cablevision shares, 21.4 million Microsoft shares and 19.5 million Vodafone ADRs to the counterparty upon maturity of the instruments.

During 2003, we sold all \$4.0 billion principal amount of the Liberty Notes that we received in the sale of QVC for net proceeds of approximately \$4.0 billion. In December 2003, we entered into a 10 year prepaid forward sale of 100 million shares of Liberty common stock and received \$894 million in cash. At maturity, the counterparty is entitled to receive Liberty and Liberty International common stock, or an equivalent amount of cash at our option, based upon the market value of Liberty common stock at the time.

As of December 31, 2004, approximately \$2.681 billion of our fair value method securities support our obligations under our exchangeable notes or prepaid forward contracts.

Equity Method

Our recorded investments exceed our proportionate interests in the book value of the investees' net assets by \$1.469 billion and \$1.696 billion as of December 31, 2004 and 2003, respectively (principally related to our 50% owned investments in Texas and Kansas City Cable Partners, L.P. and Insight Midwest). A portion of this basis difference has been attributed to franchise related customer relationships of the investees. This difference is amortized to equity in net income or loss of affiliates over a period of four years. As a result of the adoption of SFAS No. 142, we do not amortize the portion of the basis difference attributable to goodwill but will continue to test such excess for impairment in accordance with APB Opinion 18, "The Equity Method of Accounting for Investments in Common Stock."

Equity in net losses of affiliates for the years ended December 31, 2004 and 2002 includes impairment charges of \$3 million and \$31 million, respectively, related principally to other than temporary declines in our investments in and advances to certain of our equity method investees.

Summarized financial information for investments deemed significant and accounted for under the equity method was as follows (dollars in millions):

Year ended December 31,	(A)GSI Commerce, Inc.		Broadnet Consorcio, S.A.		
	2003	2002	2004	2003	2002
Revenues	\$ 147	\$ 173	\$ 5	\$ 3	\$ 1
Operating loss	(16)	(30)	(15)	(17)	(23)
Loss from continuing operations before extraordinary items and cumulative effect of accounting change	(15)	(34)	(15)	(18)	(23)
Net loss	(15)	(34)	(15)	(18)	(23)

Notes to Consolidated Financial Statements (Continued)

Years Ended December 31, 2004, 2003 and 2002

(A) GSI Commerce, Inc. was an equity method investment of QVC, and such amounts are included within discontinued operations for all periods through QVC's sale date (see Note 5).

On September 30, 2004, we sold our 20% interest in DHC Ventures, LLC (Discovery Health Channel) to Discovery Communications, Inc. for approximately \$149 million in cash and recognized a gain on the sale of approximately \$94 million to other income.

Cost Method

In connection with the TWE restructuring, we received a 21% economic stake in the business of TWC. This investment is accounted for under the cost method because we do not have the ability to exercise significant influence over the operating and financial policies of TWC (see Note 5).

We hold two series of preferred stock of AirTouch Communications, Inc., a subsidiary of Vodafone, that are recorded at \$1.423 billion and \$1.409 billion as of December 31, 2004 and 2003, respectively. The dividend and redemption activity of the AirTouch preferred stock is tied to the dividend and redemption payments associated with substantially all of the preferred shares issued by one of our consolidated subsidiaries, which is a VIE. The subsidiary has three series of preferred stock outstanding with an aggregate redemption value of \$1.750 billion. Substantially all of the preferred shares are redeemable in April 2020 at a redemption value of \$1.650 billion, with one of the series bearing a 9.08% dividend rate. The two redeemable series of subsidiary preferred shares are recorded at \$1.428 billion and \$1.420 billion, and such amounts are included in other noncurrent liabilities as of December 31, 2004 and 2003, respectively. The non-redeemable series of subsidiary preferred shares is recorded at \$100 million as of both December 31, 2004 and 2003, and such amounts are included in minority interest.

In connection with the Broadband acquisition, we acquired an indirect interest in CC VIII, LLC, a cable joint venture with Charter Communications, Inc. In April 2002, AT&T exercised its rights to cause Paul G. Allen, Charter's Chairman, or his designee to purchase this indirect interest. In June 2003, Paul Allen purchased our interest in CC VIII for \$728 million in cash. We accounted for the sale of our interest in CC VIII at fair value with no gain or loss recognized.

Investment Income (Loss), Net

Investment income (loss), net includes the following (dollars in millions):

Year ended December 31,	2004	2003	2002
Interest and dividend income	\$ 160	\$ 166	\$ 53
Gains (losses) on sales and exchanges of investments, net	45	28	(48)
Investment impairment charges	(16)	(72)	(247)
Unrealized gains (losses) on trading securities	378	965	(1,569)
Mark to market adjustments on derivatives related to trading securities	(120)	(818)	1,284
Mark to market adjustments on derivatives and hedged items	25	(353)	(16)
Investment income (loss), net	\$ 472	\$ (84)	\$ (543)

The investment impairment charges for the years ended December 31, 2003 and 2002 relate principally to other than temporary declines in our investment in AT&T.

Notes to Consolidated Financial Statements (Continued)

Years Ended December 31, 2004, 2003 and 2002

7. GOODWILL AND INTANGIBLE ASSETS

The changes in the carrying amount of goodwill by business segment (see *Note 14*) for the periods presented are as follows (dollars in millions):

	Cable	Content	Corporate and Other	Total
Balance, December 31, 2002	\$ 15,644	\$ 722	\$ 196	\$ 16,562
Purchase price allocation adjustments	(1,773)	—	—	(1,773)
Acquisitions	—	52	—	52
Intersegment transfers	20	—	(20)	—
Balance, December 31, 2003	\$ 13,891	\$ 774	\$ 176	\$ 14,841
Purchase price allocation adjustments	(964)	—	4	(960)
Acquisitions	71	50	18	139
Balance, December 31, 2004	\$ 12,998	\$ 824	\$ 198	\$ 14,020

During 2004, the decrease to goodwill relates to the settlement or adjustment of various liabilities associated with the Broadband acquisition.

The gross carrying amount and accumulated amortization of our intangible assets subject to amortization are as follows (dollars in millions):

December 31,	2004		2003	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Franchise related customer relationships	\$ 3,408	\$ (2,030)	\$ 3,386	\$ (1,090)
Cable and satellite television distribution rights	1,388	(530)	1,303	(430)
Cable franchise renewal costs and contractual operating rights	882	(188)	394	(126)
Computer software	540	(110)	259	(76)
Patents and other technology rights	105	(11)	—	—
Programming costs and rights	560	(371)	338	(274)
Other agreements and rights	420	(212)	361	(186)
	\$ 7,303	\$ (3,452)	\$ 6,041	\$ (2,182)

As of December 31, 2004, the weighted average amortization period for our intangible assets subject to amortization is 4.6 years and estimated related amortization expense for each of the next five years ended December 31 is as follows (dollars in millions):

2005	\$ 1,146
2006	786
2007	483
2008	267
2009	216

Notes to Consolidated Financial Statements (Continued)

Years Ended December 31, 2004, 2003 and 2002

8. LONG-TERM DEBT

(Dollars in millions) December 31,	Weighted Average Interest Rate at December 31, 2004	2004	2003
Exchangeable notes, due 2004 – 2007	4.18%	\$ 1,699	\$ 4,318
Commercial paper	2.68%	320	--
Senior notes, due 2004 – 2097	7.54%	19,781	20,735
Senior subordinated notes, due 2006 – 2012	10.58%	363	372
ZONES due 2029	2.00%	708	783
Debt supporting Trust Preferred Securities, due 2027	9.65%	285	301
Other, including capital lease obligations	—	436	487
		23,592	26,996
Less: current portion		3,499	3,161
Long-term debt		\$ 20,093	\$ 23,835

Maturities of long-term debt outstanding as of December 31, 2004 for the four years after 2005 are as follows (dollars in millions):

2006	\$ 1,697
2007	786
2008	1,496
2009	1,358

The Cross-Guarantee Structure

We and a number of our wholly-owned subsidiaries that hold substantially all of our cable assets have unconditionally guaranteed each other's debt securities and indebtedness for borrowed money, including amounts outstanding under the new credit facilities. As of December 31, 2004, \$20.223 billion of our debt was included in the cross-guarantee structure.

Comcast Holdings is not a guarantor, and none of its debt is guaranteed under the cross-guarantee structure. As of December 31, 2004, \$950 million of our debt was outstanding at Comcast Holdings.

Lines and Letters of Credit

As of December 31, 2004, we and certain of our subsidiaries had unused lines of credit of \$4.062 billion under their respective credit facilities.

As of December 31, 2004, we and certain of our subsidiaries had unused irrevocable standby letters of credit totaling \$442 million to cover potential fundings under various agreements.

Commercial Paper

In June 2004, we entered into a commercial paper program to provide a lower cost borrowing source of liquidity to fund our short-term working capital requirements. The program allows for a maximum of \$2.25 billion of commercial paper to be issued at any one time. Our revolving bank credit facility supports this program. Amounts outstanding under the program are classified as long-term in our consolidated balance sheet because we have both the ability and the intent to refinance these obligations, if necessary, on a long-term basis with amounts available under our revolving bank credit facility.

Revolving Bank Credit Facility

In January 2004, we entered into a \$4.5 billion, five-year revolving bank credit facility. Interest rates on this facility vary based on an underlying base rate ("Base Rate"), chosen at our option, plus a borrowing margin. The Base Rate is either LIBOR or the greater of the prime rate or the Federal Funds rate plus 0.5%. The borrowing margin is based on our senior unsecured debt ratings. The interest rate for borrowings under this revolver is LIBOR plus 0.625% based on our current credit ratings.

Notes to Consolidated Financial Statements (Continued)

Years Ended December 31, 2004, 2003 and 2002

Notes Exchangeable into Common Stock

We hold exchangeable notes (the "Exchangeable Notes") that are mandatorily redeemable at our option into shares of Cablevision Class A common stock or its cash equivalent, Microsoft common stock or its cash equivalent, (i) Vodafone ADRs, (ii) the cash equivalent, or (iii) a combination of cash and Vodafone ADRs, and Comcast Class A Special common stock or its cash equivalent. The maturity value of the Exchangeable Notes varies based upon the fair market value of the security to which it is indexed. Our Exchangeable Notes are collateralized by our investments in Cablevision, Microsoft and Vodafone, respectively, and the Comcast Class A Special common stock held in treasury (see *Note 6*).

During 2004, we redeemed an aggregate of \$847 million face amount of notes exchangeable into Comcast common stock (covering approximately 22.5 million shares of our Class A Special common stock) prior to their scheduled maturity dates by paying \$609 million in cash and by exercising our options to put the underlying equity collar agreements to the counterparties. Interest expense for 2004 includes \$31 million related to the early redemption of these obligations. As of December 31, 2004, \$272 million of Comcast exchangeable notes, which are due in November 2005, remain outstanding. The remaining outstanding notes exchangeable into Comcast common stock are collateralized by approximately 8.4 million shares of our Class A Special common stock held in treasury.

During 2004 and 2003, we settled an aggregate of \$2.359 billion face amount and \$1.213 billion face amount, respectively, of our obligations relating to our Exchangeable Notes by delivering the underlying Cablevision and Microsoft shares and Vodafone ADRs to the counterparties upon maturity of the instruments, and the equity collar agreements related to the underlying securities were exercised. These transactions represented non-cash investing and financing activities and had no effect on our statement of cash flows due to their non-cash nature.

As of December 31, 2004, the securities we hold collateralizing the Exchangeable Notes were sufficient to substantially satisfy the debt obligations associated with the outstanding Exchangeable Notes (see *Notes 6 and 12*).

Repayments of Senior Notes

On March 31, 2004, we repaid all \$250 million principal amount of our 8.875% senior notes due 2007. On May 1, 2004, we repaid all \$300 million principal amount of our 8.125% senior notes due 2004. These repayments were both financed with available cash. On September 15, 2004, we repaid all \$300 million principal amount of our 8.65% senior notes due 2004. The repayment was financed with borrowings under our commercial paper program and available cash.

ZONES

At maturity, holders of our 2.0% Exchangeable Subordinated Debentures due 2029 (the "ZONES") are entitled to receive in cash an amount equal to the higher of the principal amount of the ZONES of \$1.807 billion or the market value of Sprint common stock. Prior to maturity, each ZONES is exchangeable at the holder's option for an amount of cash equal to 95% of the market value of Sprint common stock.

We separated the accounting for the Exchangeable Notes and the ZONES into derivative and debt components. We record the change in the fair value of the derivative component of the Exchangeable Notes and the ZONES (see *Note 6*) and the change in the carrying value of the debt component of the Exchangeable Notes and the ZONES as follows (in millions):

Year ended December 31, 2004	Exchangeable Notes	ZONES
Balance at Beginning of Year:		
Debt component	\$ 5,030	\$ 515
Derivative component	(712)	268
Total	4,318	783
Decrease in debt component due to maturities and redemptions	(3,206)	—
Change in debt component to interest expense	(63)	25
Change in derivative component due to settlements	653	—
Change in derivative component to investment income (loss), net	(3)	(100)
Balance at End of Year:		
Debt component	1,761	540
Derivative component	(62)	168
Total	\$ 1,699	\$ 708

Notes to Consolidated Financial Statements (Continued)

Years Ended December 31, 2004, 2003 and 2002

Interest Rates

Excluding the derivative component of the Exchangeable Notes and the ZONES whose changes in fair value are recorded to investment income (loss), net, our effective weighted average interest rate on our total debt outstanding was 7.38% and 7.08% as of December 31, 2004 and 2003, respectively. As of December 31, 2004 and 2003, accrued interest was \$444 million and \$481 million, respectively.

Interest Rate Risk Management

We are exposed to the market risk of adverse changes in interest rates. To manage the volatility relating to these exposures, our policy is to maintain a mix of fixed and variable rate debt and to enter into various interest rate derivative transactions as described below.

Using swaps, we agree to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. Rate locks are used to hedge the risk that the cash flows related to the interest payments on an anticipated issuance or assumption of fixed rate debt may be adversely affected by interest rate fluctuations.

The following table summarizes the terms of our existing swaps (dollars in millions):

	Notional Amount	Maturities	Average Pay Rate	Average Receive Rate	Estimated Fair Value
<i>As of December 31, 2004</i>					
Variable to Fixed Swaps	\$ 488	2005	7.6%	3.0%	\$ 8
Fixed to Variable Swaps	\$ 3,900	2006 – 2027	4.6%	6.3%	\$ 9
<i>As of December 31, 2003</i>					
Variable to Fixed Swaps	\$ 1,203	2004 – 2005	7.6%	1.7%	\$ 25
Fixed to Variable Swaps	\$ 2,450	2006 – 2027	3.7%	6.6%	\$ 15

The notional amounts of interest rate instruments, as presented in the above table, are used to measure interest to be paid or received and do not represent the amount of exposure to credit loss. The estimated fair value approximates the proceeds to settle the outstanding contracts. Swaps and rate locks represent an integral part of our interest rate risk management program. During 2004, we decreased our interest expense by approximately \$66 million through our interest rate risk management program. Our interest rate derivative financial instruments did not have a significant effect on interest expense for the years ended December 31, 2003 and 2002.

In 2002, we entered into rate locks to hedge the risk that the cash flows related to the interest payments on an anticipated issuance or assumption of fixed rate debt in connection with the Broadband acquisition may be adversely affected by interest rate fluctuations. Upon the assumption of fixed rate debt in connection with the Broadband acquisition, the value of the rate locks is being recognized as an adjustment to interest expense, similar to a deferred financing cost, over 15 years, which is the same period in which the related interest costs on the debt are recognized in earnings. The unrealized pre-tax losses on cash flow hedges as of December 31, 2004 and 2003, of \$196 million and \$213 million, respectively, have been reported in our balance sheet as a component of accumulated other comprehensive income (loss), net of related deferred income taxes of \$69 million and \$75 million, respectively.

Estimated Fair Value

Our debt had estimated fair values of \$26.459 billion and \$30.427 billion as of December 31, 2004 and 2003, respectively. The estimated fair value of our publicly traded debt is based on quoted market prices for that debt. Interest rates that are currently available to us for issuance of debt with similar terms and remaining maturities are used to estimate fair value for debt issues for which quoted market prices are not available.

Debt Covenants

Some of our and our subsidiaries' loan agreements require that we maintain financial ratios based on debt, interest and operating income before depreciation and amortization, as defined in the agreements. In addition, some of our subsidiaries' loan agreements contain restrictions on dividend payments and advances of funds to us. We were in compliance with all financial covenants for all periods presented.

Notes to Consolidated Financial Statements (Continued)

Years Ended December 31, 2004, 2003 and 2002

9. PENSION, POSTRETIREMENT AND OTHER EMPLOYEE BENEFIT PLANS

We sponsor two former Broadband pension plans that together provide benefits to substantially all former Broadband employees. Future benefits for both plans have been frozen, except for some union groups and some change-in-control payments.

The following table provides condensed information relating to our pension benefits and postretirement benefits for the periods presented (dollars in millions):

Year Ended December 31,	2004		2003	
	Pension Benefits	Postretirement Benefits	Pension Benefits	Postretirement Benefits
Net periodic benefit cost	\$ 9	\$ 23	\$ 15	\$ 19
Benefit obligation	\$ 189	\$ 207	\$ 234	\$ 200
Fair value of plan assets	\$ 72	\$ —	\$ 69	\$ —
Plan funded status and recorded benefit obligation	\$ (117)	\$ (215)	\$ (166)	\$ (195)
Discount rate	5.75%	6.00%	6.00%	6.25%
Expected return on plan assets	7.00%	N/A	7.00%	N/A

We sponsor various retirement-investment plans that allow eligible employees to contribute a portion of their compensation through payroll deductions in accordance with specified guidelines. We match a percentage of the employees' contributions up to certain limits. Expenses related to these plans amounted to \$100 million, \$85 million and \$28 million for the years ended December 31, 2004, 2003 and 2002, respectively.

We also maintain unfunded, non-qualified deferred compensation plans, which were created for key executives, other members of management and non-employee directors (each a "Participant"). The amount of compensation deferred by each Participant is based on Participant elections. Account balances of Participants are credited with income based generally on a fixed annual rate of interest. Participants will be eligible to receive distributions of the amounts credited to their account balance based on elected deferral periods that are consistent with the plans and applicable tax law. Interest expense recognized under the plans totaled \$33 million, \$22 million and \$15 million for the years ended December 31, 2004, 2003 and 2002, respectively. The unfunded obligation of the plans total \$396 million and \$294 million as of December 31, 2004 and 2003, respectively.

10. STOCKHOLDERS' EQUITY

Preferred Stock

We are authorized to issue, in one or more series, up to a maximum of 20 million shares of preferred stock. We can issue the shares with such designations, preferences, qualifications, privileges, limitations, restrictions, options, conversion rights and other special or related rights as our board of directors shall from time to time fix by resolution.

Common Stock

Our Class A Special common stock is generally nonvoting. Holders of our Class A common stock in the aggregate hold 66 ²/₃% of the aggregate voting power of our common stock. The number of votes that each share of our Class A common stock will have at any given time will depend on the number of shares of Class A common stock and Class B common stock then outstanding. Each share of our Class B common stock is entitled to 15 votes, and all shares of our Class B common stock in the aggregate have 33 ¹/₃% of the voting power of all of our common stock. The 33 ¹/₃% aggregate voting power of our Class B common stock will not be diluted by additional issuances of any other class of our common stock. Our Class B common stock is convertible, share for share, into Class A or Class A Special common stock, subject to certain restrictions.

Treasury Stock

Various Broadband subsidiaries held AT&T preferred stock convertible into AT&T common stock. Prior to the closing of the Broadband acquisition, these subsidiaries converted the AT&T preferred stock into AT&T common stock. Upon closing of the Broadband acquisition, the shares of Broadband common stock were exchanged for approximately 243.6 million shares of our Class A common stock. We classified these shares, which are held by some of our subsidiaries, as treasury stock within stockholders' equity. The shares were valued at \$6.391 billion based on the closing share price of our Class A common stock as of the closing date of the Broadband acquisition and will continue to be carried at this amount. The shares are deemed issued but not outstanding and are not included in the computation of Diluted EPS.

Notes to Consolidated Financial Statements (Continued)

Years Ended December 31, 2004, 2003 and 2002

Prior to the Broadband acquisition, Broadband held approximately 47.3 million shares of our Class A Special common stock that collateralized the related Comcast exchangeable notes (see *Note 8*). Upon closing of the Broadband acquisition, we classified these shares, which are held by our subsidiary, as treasury stock within stockholders' equity. The shares were valued based on the closing share price of our Class A Special common stock as of the closing date of the Broadband acquisition. The shares are deemed issued but not outstanding and are not included in the computation of Diluted EPS because it is our intent to settle the related Comcast exchangeable notes using cash.

Board-Authorized Repurchase Program

During 2004, we repurchased approximately 46.9 million shares of our Class A Special common stock for aggregate consideration of \$1.328 billion pursuant to our Board-authorized, \$2 billion share repurchase program. We expect such repurchases to continue from time to time in the open market or in private transactions, subject to market conditions.

The following table summarizes our share activity for the three years ended December 31, 2004:

	Common Stock		
	Class A	Class A Special	Class B
Balance, January 1, 2002	21,829,422	913,931,554	9,444,375
Acquisitions	1,577,117,883	14,376,283	—
Shares classified as treasury stock	(243,640,500)	(47,289,843)	—
Stock compensation plans	66,843	1,861,961	—
Employee Stock Purchase Plan	—	463,635	—
Balance, December 31, 2002	1,355,373,648	883,343,590	9,444,375
Stock compensation plans	1,451,469	1,807,358	—
Employee Stock Purchase Plan	695,440	137,085	—
Repurchases of common stock	—	(845,000)	—
Balance, December 31, 2003	1,357,520,557	884,443,033	9,444,375
Stock compensation plans	1,024,856	5,435,772	—
Employee Stock Purchase Plan	1,134,951	—	—
Repurchases of common stock	—	(46,934,235)	—
Balance, December 31, 2004	1,359,680,364	842,944,570	9,444,375

Stock-Based Compensation Plans

As of December 31, 2004, we and our subsidiaries have several stock-based compensation plans for certain employees, officers and directors. These plans are described below.

Comcast Option Plans. We maintain stock option plans for certain employees, directors and other persons under which fixed stock options are granted and the option price is generally not less than the fair value of a share of the underlying stock at the date of grant (collectively, the "Comcast Option Plans"). Under the Comcast Option Plans, approximately 182 million shares of our Class A and Class A Special common stock were reserved for issuance upon the exercise of options, including those outstanding as of December 31, 2004. Option terms are generally 10 years, with options generally becoming exercisable between two and nine-and-one-half years from the date of grant.

Notes to Consolidated Financial Statements (Continued)

Years Ended December 31, 2004, 2003 and 2002

The following table summarizes the activity of the Comcast Option Plans (options in thousands):

	2004		2003		2002	
	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
Class A Common Stock						
Outstanding at beginning of year	85,151	\$ 39.28	63,575	\$ 43.31	—	—
Options exchanged for outstanding Broadband options in connection with acquisition	—	—	—	—	61,094	\$ 44.17
Granted	16,190	29.86	25,206	28.84	2,762	24.85
Exercised	(986)	19.51	(1,264)	20.44	(43)	17.79
Forfeited, expired, cancelled or repurchased	(18,011)	42.37	(2,366)	47.14	(238)	55.19
Outstanding at end of year	82,344	36.99	85,151	39.28	63,575	43.31
Exercisable at end of year	43,284	44.36	56,110	44.90	58,135	44.91
Class A Special Common Stock						
Outstanding at beginning of year	60,464	\$ 29.43	64,890	\$ 28.57	55,521	\$ 26.89
Granted	—	—	—	—	13,857	32.29
Exercised	(4,207)	11.53	(3,176)	8.92	(2,347)	8.83
Forfeited, expired, cancelled or repurchased	(1,019)	35.53	(1,250)	36.19	(2,141)	30.38
Outstanding at end of year	55,238	30.67	60,464	29.43	64,890	28.57
Exercisable at end of year	48,394	31.20	29,212	25.26	22,798	21.08

The following table summarizes information about the options outstanding under the Comcast Option Plans as of December 31, 2004 (options in thousands):

Range of Exercise Prices	Options Outstanding			Options Exercisable		
	Number Outstanding	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price	
Class A Common Stock						
\$5.43 – \$15.21	1,305	1.8 years	\$ 10.01	1,305	\$ 10.01	
\$16.11 – \$27.74	22,086	7.4 years	26.27	5,996	24.69	
\$27.76 – \$33.73	32,272	6.8 years	31.01	9,824	32.38	
\$33.89 – \$45.07	9,927	2.7 years	38.42	9,405	38.50	
\$45.08 – \$60.89	10,052	4.0 years	55.31	10,052	55.31	
\$60.90 – \$89.85	6,702	4.1 years	77.79	6,702	77.79	
	82,344			43,284		
Class A Special Common Stock						
\$7.31 – \$14.94	4,875	2.1 years	\$ 11.29	4,873	\$ 11.29	
\$16.94 – \$25.58	12,118	4.5 years	18.50	8,248	17.69	
\$27.04 – \$35.49	15,849	6.0 years	34.10	14,248	34.14	
\$35.53 – \$45.17	20,947	5.8 years	38.25	19,603	38.28	
\$45.94 – \$53.13	1,449	5.0 years	50.43	1,422	50.40	
	55,238			48,394		



Notes to Consolidated Financial Statements (Continued)

Years Ended December 31, 2004, 2003 and 2002

Stock Option Liquidity Program. During 2004, we repurchased 11.1 million options from various non-employee holders of stock options under a stock option liquidity program, targeted primarily to former Broadband employees. The former option holders received \$37 million for their options under the program. Our financial counterparty in connection with the stock option liquidity program funded the cost of the program through the simultaneous purchase by the counterparty of new stock options from us that had similar economic terms as the options being purchased by us from the option holders. As a result, 11.1 million options remain outstanding, with a weighted-average exercise price of \$45.64 per share and expire over the course of the next 8 years. These options are excluded from options outstanding in the preceding tables at dates subsequent to this transaction. We will benefit from the elimination of ongoing administrative expenses, such as the indirect employee time associated with servicing this option holder group.

Subsidiary Option Plans. Some of our subsidiaries maintain combination stock option/stock appreciation rights ("SAR") plans (collectively, the "Tandem Plans") for employees, officers, directors and other designated persons. Under the Tandem Plans, the option price is generally not less than the fair value, as determined by an independent appraisal, of a share of the underlying common stock at the date of grant. If the eligible participant elects the SAR feature of the Tandem Plans, the participant receives 75% of the excess of the fair value of a share of the underlying common stock over the exercise price of the option to which it is attached at the exercise date. The holders of a majority of the outstanding options have stated an intention not to exercise the SAR feature of the Tandem Plans. Because the exercise of the option component is more likely than the exercise of the SAR feature, compensation expense is measured based on the stock option component. Under the Tandem Plans, option/SAR terms are 10 years from the date of grant, with options/SARs generally becoming exercisable over 4 to 5 years from the date of grant.

Other Stock-Based Compensation Plans

We maintain a restricted stock plan under which certain employees may be granted restricted share awards in our Class A or Class A Special common stock (the "Restricted Stock Plan"). The share awards vest annually, generally over a period not to exceed five years from the date of the award, and do not have voting rights. At December 31, 2004, there were 2,536,000 shares of our Class A common stock and 392,000 shares of our Class A Special common stock issuable in connection with restricted share awards under the Restricted Stock Plan.

The following table summarizes information related to our Restricted Stock Plan:

Year Ended December 31,	2004	2003	2002
Share awards granted (in thousands)	2,490	197	61
Weighted-average fair value per share at date of grant	\$ 31.09	\$ 30.85	\$ 28.47
Compensation expense (dollars in millions)	\$ 33	\$ 8	\$ 8

We also maintain a deferred stock option plan for certain employees, officers and directors that provides the optionees with the opportunity to defer the receipt of shares of our Class A or Class A Special common stock which would otherwise be deliverable upon exercise by the optionees of their stock options. As of December 31, 2004, 1.7 million shares of Class A Special common stock were issuable under options exercised but the receipt of which was irrevocably deferred by the optionees pursuant to our deferred stock option plan.

Notes to Consolidated Financial Statements (Continued)

Years Ended December 31, 2004, 2003 and 2002

11. INCOME TAXES

We join with our 80% or more owned subsidiaries in filing consolidated federal income tax returns. E! Entertainment files separate consolidated federal income tax returns. Income tax (expense) benefit consists of the following components (dollars in millions):

Year Ended December 31,	2004	2003	2002
Current (expense) benefit			
Federal	\$ (90)	\$ 846	\$ 73
State	(205)	(10)	(40)
	(295)	836	33
Deferred (expense) benefit			
Federal	(589)	(886)	88
State	58	66	7
	(531)	(820)	95
Income tax (expense) benefit	\$ (826)	\$ 16	\$ 128

Our effective income tax (expense) benefit differs from the statutory amount because of the effect of the following items (dollars in millions):

Year Ended December 31,	2004	2003	2002
Federal tax at statutory rate	\$ (634)	\$ 48	\$ 193
State income taxes, net of federal benefit	(96)	37	(22)
Foreign income and equity in net losses of affiliates	(9)	23	3
Adjustments to prior year accrual	(82)	(90)	(45)
Other	(5)	(2)	(1)
Income tax (expense) benefit	\$ (826)	\$ 16	\$ 128

Our net deferred tax liability consists of the following components (dollars in millions):

December 31,	2004	2003
Deferred tax assets:		
Net operating loss carryforwards	\$ 483	\$ 224
Differences between book and tax basis of long-term debt	221	231
Non-deductible accruals and other	956	1,339
	1,660	1,794
Deferred tax liabilities:		
Differences between book and tax basis of property and equipment and intangible assets	\$ 23,414	\$ 21,991
Differences between book and tax basis of investments	4,855	5,926
Differences between book and tax basis of indexed debt securities	566	456
	28,835	28,373
Net deferred tax liability	\$ 27,175	\$ 26,579

We increased net deferred income tax liabilities by an additional \$77 million in 2004, principally in connection with adjustments made to the Broadband purchase price allocation, the Liberty exchange and the TechTV acquisition. We recorded an increase (decrease) of \$(12) million, \$3 million and \$(152) million to net deferred income tax liabilities in 2004, 2003 and 2002, respectively, in connection with unrealized gains (losses) on marketable securities and cash flow hedges that are included in accumulated other comprehensive income (loss).

We have recorded net deferred tax liabilities of \$360 million and \$679 million, as of December 31, 2004 and 2003, respectively, which have been included in current liabilities, related primarily to our current investments. We have federal net operating loss carryforwards of \$565 million and various state carryforwards that expire in periods through 2024. The determination of the state net operating loss

Notes to Consolidated Financial Statements (Continued)

Years Ended December 31, 2004, 2003 and 2002

carryforwards are dependent upon the subsidiaries' taxable income or loss, apportionment percentages and other respective state laws, which can change from year to year and impact the amount of such carryforward.

In 2004, 2003 and 2002, income tax benefits attributable to employee stock option transactions of approximately \$80 million, \$19 million and \$27 million, respectively, were allocated to stockholders' equity.

In the normal course of business, our tax returns are subject to examination by various taxing authorities. Such examinations may result in future tax and interest assessments by these taxing authorities, and we have accrued a liability when we believe that it is probable that we will be assessed. Differences between the estimated and actual amounts determined upon ultimate resolution, individually or in the aggregate, are not expected to have a material adverse effect on our consolidated financial position but could possibly be material to our consolidated results of operations or cash flow of any one period.

12. STATEMENT OF CASH FLOWS--SUPPLEMENTAL INFORMATION

The following table summarizes the fair values of the assets and liabilities associated with the Broadband acquisition, which is considered a non-cash financing and investing activity (see Note 5) (dollars in millions):

Year Ended December 31,	2002
Current assets	\$ 1,533
Investments	17,325
Property and equipment	11,757
Intangible assets	46,510
Other noncurrent assets	300
Current liabilities	(4,694)
Short-term debt and current portion of long-term debt	(8,049)
Long-term debt	(16,811)
Deferred income taxes	(17,541)
Other noncurrent liabilities and minority interest	(5,831)
Comcast shares held by Broadband	1,126
Net assets acquired	\$ 25,625

The following table summarizes our cash payments for interest and income taxes (dollars in millions):

Year Ended December 31,	2004	2003	2002
Interest	\$ 1,898	\$ 2,053	\$ 788
Income taxes	\$ 205	\$ 945	\$ 33

During 2004, we:

- received federal income tax refunds of approximately \$591 million,
- settled through non-cash financing and investing activities approximately \$1.944 billion related to our Exchangeable Notes (see Note 8),
- acquired cable systems through the assumption of \$68 million of debt, which is considered a non-cash investing and financing activity,
- issued shares of G4 with a value of approximately \$70 million in connection with the acquisition of TechTV (see Note 5), which is considered a non-cash financing and investing activity; and
- received non-cash consideration of approximately \$475 million in connection with the Liberty Exchange Agreement (see Note 5), which is considered a non-cash investing activity.

During 2003, we:

- settled through non-cash financing and investing activities approximately \$1.353 billion related to our Exchangeable Notes (see Note 8) and

Notes to Consolidated Financial Statements (Continued)

Years Ended December 31, 2004, 2003 and 2002

received 218 million Liberty shares and \$4 billion of Liberty Notes in connection with the sale of QVC, which are non-cash investing activities (see *Note 5*).

13. COMMITMENTS AND CONTINGENCIES

Commitments

Our programming networks have entered into license agreements for programs and sporting events that are available for telecast. In addition, we, through Comcast-Spectacor, have employment agreements with both players and coaches of our professional sports teams. Certain of these employment agreements, which provide for payments that are guaranteed regardless of employee injury or termination, are covered by disability insurance if certain conditions are met.

Certain of our subsidiaries support debt compliance with respect to obligations of certain cable television partnerships and investments in which we hold an ownership interest (see *Note 6*). The obligations expire between March 2007 and September 2010. Although there can be no assurance, we believe that we will not be required to meet our obligations under such commitments. The total notional amount of our commitments was \$1.021 billion as of December 31, 2004, at which time there were no quoted market prices for similar agreements.

The following table summarizes our minimum annual commitments under program license agreements and our minimum annual rental commitments for office space, equipment and transponder service agreements under noncancelable operating leases as of December 31, 2004 (dollars in millions):

	Program License Agreements	Operating Leases	Total
2005	\$ 168	\$ 190	\$ 358
2006	165	163	328
2007	142	132	274
2008	147	111	258
2009	131	92	223
Thereafter	1,474	299	1,773

The following table summarizes our rental expense charged to operations (dollars in millions):

Year Ended December 31,	2004	2003	2002
Rental expense	\$ 194	\$ 157	\$ 140

Contingencies

We and the minority owner group in Comcast-Spectacor each have the right to initiate an "exit" process under which the fair market value of Comcast-Spectacor would be determined by appraisal. Following such determination, we would have the option to acquire the interest in Comcast-Spectacor owned by the minority owner group based on the appraised fair market value. In the event we do not exercise this option, we and the minority owner group would then be required to use our best efforts to sell Comcast-Spectacor. This exit process includes the minority owner group's interest in CSN.

We hold 39.7% of our 60.5% interest in E! Entertainment through Comcast Entertainment Holdings, LLC ("Entertainment Holdings"), which is owned 50.1% by us and 49.9% by The Walt Disney Company ("Disney"). We own an additional 20.8% direct interest in E! Entertainment. Under a limited liability company agreement between us and Disney, we control E! Entertainment's operations. Under the agreement, Disney is entitled to trigger a potential exit process in which Entertainment Holdings would have the right to purchase Disney's entire interest in Entertainment Holdings at its then fair market value (as determined by an appraisal process). If Disney exercises this right within a specified time period and Entertainment Holdings elects not to purchase Disney's interest, Disney then has the right to purchase, at appraised fair market value, either our entire interest in Entertainment Holdings or all of the shares of stock of E! Entertainment held by Entertainment Holdings. In the event that Disney exercises its right and neither Disney's nor our interest is purchased, Entertainment Holdings will continue to be owned as it is today, as if the exit process had not been triggered.

The minority owner of G4 is entitled to trigger an exit process whereby upon the fifth anniversary of the closing date and each successive anniversary of the closing date or the occurrence of certain other defined events, G4 would be required to purchase the minority owner's 15% interest at fair market value (as determined by an appraisal process).

Notes to Consolidated Financial Statements (Continued)

Years Ended December 31, 2004, 2003 and 2002

At Home.

Litigation has been filed against us as a result of our alleged conduct with respect to our investment in and distribution relationship with At Home Corporation. At Home was a provider of high-speed Internet services that filed for bankruptcy protection in September 2001. Filed actions are: (i) class action lawsuits against us, Brian L. Roberts (our Chairman and Chief Executive Officer and a director), AT&T (the former controlling shareholder of At Home and also a former distributor of the At Home service) and others in the Superior Court of San Mateo County, California, alleging breaches of fiduciary duty in connection with transactions agreed to in March 2000 among At Home, AT&T, Cox Communications, Inc. (Cox is also an investor in At Home and a former distributor of the At Home service) and us; (ii) class action lawsuits against us, AT&T and others in the United States District Court for the Southern District of New York, alleging securities law violations and common law fraud in connection with disclosures made by At Home in 2001; (iii) a lawsuit brought in the United States District Court for the District of Delaware in the name of At Home by certain At Home bondholders against us, Brian L. Roberts, Cox and others, alleging breaches of fiduciary duty relating to the March 2000 transactions and seeking recovery of alleged short-swing profits of at least \$600 million, pursuant to Section 16(b) of the Securities Exchange Act of 1934, as amended ("the 1934 Act"), purported to have arisen in connection with certain transactions relating to At Home stock, effected pursuant to the March 2000 agreements; and (iv) a lawsuit brought in the United States Bankruptcy Court for the Northern District of California by certain At Home bondholders against us, AT&T, AT&T Credit Holdings, Inc. and AT&T Wireless Services, Inc., seeking to avoid and recover certain alleged "preference" payments in excess of \$89 million, allegedly made to the defendants prior to the At Home bankruptcy filing.

The actions in San Mateo County, California (item (i) above), have been stayed by the United States Bankruptcy Court for the Northern District of California, the court in which At Home filed for bankruptcy, as violating the automatic bankruptcy stay. The decision to stay the actions was affirmed by the District Court, and an appeal to the Court of Appeals for the Ninth Circuit is pending. In the Southern District of New York actions (item (ii) above), the court has dismissed the common law fraud claims against all defendants, leaving only the securities law claims. In a subsequent decision, the court limited the remaining claims against us and Mr. Roberts to disclosures that are alleged to have been made by At Home prior to August 28, 2000. Plaintiffs' motion for class certification is pending. The Delaware case (item (iii) above) was transferred to the United States District Court for the Southern District of New York. The court dismissed the Section 16(b) claims against us for failure to state a claim and the breach of fiduciary duty claim for lack of federal jurisdiction. The plaintiffs have appealed the decision dismissing the Section 16(b) claims. They may also recommence the breach of fiduciary duty claim depending on the outcome of the Santa Clara, California, state court action against AT&T (described in item (i) below). In the meantime, we have entered into an agreement with plaintiffs tolling the statute of limitations for the breach of fiduciary duty claim. In the action in the United States Bankruptcy Court for the Northern District of California (item (iv) above), the parties filed a stipulation in January 2004, staying the case (on account of other pending litigation relating to the At Home bankruptcy) until such time as either party elects to resume the case.

Under the terms of the Broadband acquisition, we are contractually liable for 50% of any liabilities of AT&T relating to certain At Home litigation. For litigation in which we are contractually liable for 50% of any liabilities, AT&T will be liable for the other 50%. In addition to the actions against AT&T described in items (i), (ii) and (iv) above, (in which we are also a defendant), such litigation matters may also include two additional actions brought by At Home's bondholders' liquidating trust against AT&T (and not naming us): (i) a lawsuit filed against AT&T and certain of its senior officers in Santa Clara, California, state court alleging various breaches of fiduciary duties, misappropriation of trade secrets and other causes of action in connection with the transactions and prior and subsequent alleged conduct on the part of the defendants, and (ii) an action filed against AT&T in the District Court for the Northern District of California, alleging that AT&T infringes an At Home patent by using its broadband distribution and high-speed Internet backbone networks and equipment. Discovery in the Santa Clara action is nearly complete and trial is scheduled for May 2005. The action in the District Court for the Northern District of California is in the discovery stage.

We deny any wrongdoing in connection with the claims that have been made directly against us, our subsidiaries and Brian L. Roberts, and are defending all of these claims vigorously. The final disposition of these claims and the final resolution of our share (if any) of the AT&T At Home potential liabilities are not expected to have a material adverse effect on our consolidated financial position but could possibly be material to our consolidated results of operations of any one period. Further, no assurance can be given that any adverse outcome would not be material to our consolidated financial position.

Notes to Consolidated Financial Statements (Continued)

Years Ended December 31, 2004, 2003 and 2002

AT&T—Wireless and Common Stock Cases.

Under the terms of the Broadband acquisition, we are potentially responsible for a portion of the liabilities arising from two purported securities class action lawsuits brought against AT&T and others and consolidated for pre-trial purposes in the United States District Court for the District of New Jersey. These lawsuits assert claims under Section 11 and Section 12(a)(2) of the Securities Act of 1933, as amended, and Section 10(b) of the 1934 Act.

The first lawsuit, for which our portion of any loss is up to 15%, alleges, among other things, that AT&T made material misstatements and omissions in the Registration Statement and Prospectus for the AT&T Wireless initial public offering ("Wireless Case"). In March 2004, the plaintiffs, and AT&T and the other defendants, moved for summary judgment in the Wireless Case. The New Jersey District Court denied the motions and the Judicial Panel on Multidistrict Litigation remanded the cases for trial to the United States District Court for the Southern District of New York, where they had originally been brought. No trial date has been set. We and AT&T believe that AT&T has meritorious defenses in the Wireless Case, and it is being vigorously defended.

The second lawsuit, for which our portion of any loss is 50%, alleges, among other things, that AT&T knowingly provided false projections relating to AT&T common stock ("Common Stock Case"). In October 2004, the plaintiffs, and AT&T and the other defendants, agreed to settle the Common Stock Case for \$100 million, which was preliminarily approved by the court. We expect final approval of the settlement by the court in the second quarter of 2005. We have agreed to pay \$50 million of the settlement amount.

In November 2004, AT&T brought suit against the D&O insurers in Delaware Superior Court, seeking a declaration of coverage and damages in the At Home cases, the Wireless Case and the Common Stock Case. This litigation is in its very early stages.

In connection with the Broadband acquisition, we recorded an estimate of the fair value of the potential liability associated with both the Wireless and Common Stock cases. As a result of the settlement reached during the fourth quarter of 2004, we reduced the fair value liability in the Common Stock Case by \$250 million, which has been recognized in other income in our statement of operations.

AT&T—TCI.

In June 1998, the first of a number of purported class action lawsuits was filed by then-shareholders of Tele-Communications, Inc. ("TCI") Series A TCI Group Common Stock ("Common A") against AT&T and the directors of TCI relating to the acquisition of TCI by AT&T. A consolidated amended complaint combining the various different actions was filed in February 1999 in the Delaware Court of Chancery. The consolidated amended complaint alleges that former members of the TCI board of directors breached their fiduciary duties to Common A shareholders by agreeing to transaction terms whereby holders of the Series B TCI Group Common Stock received a 10% premium over what Common A shareholders received in connection with the transaction. The complaint further alleges that AT&T aided and abetted the TCI directors' breach of their fiduciary duties.

In connection with the TCI acquisition, which was completed in early 1999, AT&T agreed under certain circumstances to indemnify TCI's former directors for certain losses, expenses, claims or liabilities, potentially including those incurred in connection with this action. In connection with the Broadband acquisition, we agreed to indemnify AT&T for certain losses, expenses, claims or liabilities. Those losses and expenses potentially include those incurred by AT&T in connection with this action, both as a defendant and in connection with any obligation that AT&T may have to indemnify the former TCI directors for liabilities incurred as a result of the claims against them.

In July 2003, the Delaware Court of Chancery granted AT&T's motion to dismiss on the ground that the complaint failed to adequately plead AT&T's "knowing participation," as required to state a claim for aiding and abetting a breach of fiduciary duty. The other claims made in the complaint remain outstanding. Fact discovery in this matter is now closed. The former TCI director defendants anticipate filing a motion for summary judgment in February 2005. No trial date has been set.

The final disposition of these claims is not expected to have a material adverse effect on our consolidated financial position but could possibly be material to our consolidated results of operations of any one period. Further, no assurance can be given that any adverse outcome would not be material to our consolidated financial position.

Acacia.

In June 2004, Acacia Media Technologies Corporation ("Acacia") filed a lawsuit against us and others in the United States District Court for the Northern District of California. The complaint alleges infringement of certain United States patents that allegedly relate to systems and methods for transmitting and/or receiving digital audio and video content. The complaint seeks injunctive relief and damages in an unspecified amount. In the event that a Court ultimately determines that we infringe on any of the patents, we may be subject to substantial damages, which may include treble damages and/or an injunction that could require us to materially modify

Notes to Consolidated Financial Statements (Continued)

Years Ended December 31, 2004, 2003 and 2002

certain products and services that we currently offer to subscribers. We believe that the claims are without merit and intend to defend the action vigorously.

The final disposition of this claim is not expected to have a material adverse effect on our consolidated financial position but could possibly be material to our consolidated results of operations of any one period. Further, no assurance can be given that any adverse outcome would not be material to our consolidated financial position.

Liberty Digital

In January 2003, Liberty Digital, Inc. filed a complaint in Colorado state court against us. The complaint alleged that we breached a 1997 Contribution Agreement with Liberty Digital and that we tortiously interfered with that agreement. The complaint alleged that this agreement obligated us to pay fees to Liberty Digital totaling \$18 million (increasing at CPI) per year through 2017. Liberty Digital sought, among other things, compensatory damages, specific performance of the agreement, a declaration that the agreement is valid and enforceable going forward, and an unspecified amount of exemplary damages from us based on the alleged intentional interference claim.

In July 2004, we entered into an exchange agreement with Liberty (the parent company of Liberty Digital). The transactions closed in July 2004 and resolved all claims in the litigation.

Other

We are subject to other legal proceedings and claims that arise in the ordinary course of our business. The amount of ultimate liability with respect to such actions is not expected to materially affect our financial position, results of operations or liquidity.

14. FINANCIAL DATA BY BUSINESS SEGMENT

Our reportable segments consist of our Cable and Content businesses. Beginning in the first quarter of 2004, we elected to disclose our content businesses separately as a reportable segment even though our content segment does not meet the quantitative disclosure requirements of SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information." These consolidated financial statements present all periods on a comparable basis. Our content segment consists of our national networks E!, Style Network, TGC, OLN, G4 and International Channel Networks. In evaluating the profitability of our segments, the components of net income (loss) below operating income (loss) before depreciation and amortization are not separately evaluated by our management (dollars in millions).

	Cable ⁽¹⁾	Content	Corporate and Other ⁽²⁾	Eliminations ⁽³⁾	Total
2004					
Revenues ⁽⁴⁾	\$ 19,316	\$ 787	\$ 332	\$ (128)	\$ 20,307
Operating income (loss) before depreciation and amortization ⁽⁵⁾	7,471	265	(203)	(2)	7,531
Depreciation and amortization	4,375	162	88	(2)	4,623
Operating income (loss)	3,096	103	(291)	—	2,908
Assets	103,727	2,533	1,112	(2,678)	104,694
Capital expenditures	3,622	17	21	—	3,660
2003					
Revenues ⁽⁴⁾	\$ 17,492	\$ 628	\$ 341	\$ (113)	\$ 18,348
Operating income (loss) before depreciation and amortization ⁽⁵⁾	6,350	214	(178)	6	6,392
Depreciation and amortization	4,223	129	88	(2)	4,438
Operating income (loss)	2,127	85	(266)	8	1,954
Assets	105,316	2,048	1,945	(150)	109,159
Capital expenditures	4,097	18	46	—	4,161
2002					
Revenues ⁽⁴⁾	\$ 7,350	\$ 521	\$ 302	\$ (71)	\$ 8,102
Operating income (loss) before depreciation and amortization ⁽⁵⁾	2,798	170	(126)	(6)	2,836
Depreciation and amortization	1,670	129	118	(2)	1,915
Operating income (loss)	1,128	41	(244)	(4)	921
Assets	106,291	2,100	4,808	(71)	113,128
Capital expenditures	1,814	12	26	—	1,852

Notes to Consolidated Financial Statements (Continued)

Years Ended December 31, 2004, 2003 and 2002

- (1) Our regional sports and news networks CSN, CSN Mid-Atlantic, CSN Chicago, CSN West, CSS and CN8 are included in our cable segment.
- (2) Corporate and other includes Comcast-Spectacor, corporate activities and all other businesses not presented in our cable or content segments. Assets included in this caption consist primarily of our investments (see *Note 6*).
- (3) Included in the Eliminations column in the table above are intersegment transactions that our segments enter into with one another. The most common types of transactions are the following:
- Our Content segment generates affiliate revenue by selling cable network programming to our Cable segment, which represents a substantial majority of the revenue elimination amount.
 - Our Cable segment receives incentives offered by our Content segment when negotiating programming contracts that are recorded as a reduction of programming costs.
 - Our Cable segment generates revenue by selling the use of satellite feeds to our Content segment.
 - Our Cable segment generates revenue by selling the use of its fiber-optic lines and site conditioning to our Corporate and Other segment. Our Corporate and Other segment pays our Cable segment a lump sum and holds the property and the related depreciation expense and accumulated depreciation. Our Cable segment's revenue is generated through the amortization of the deferred revenue recorded for the lump sum payment.
 - Our Corporate and Other segment generates revenue by selling long-distance services to our Cable segment.
- (4) Non-U.S. revenues were not significant in any period. No single customer accounted for a significant amount of our revenue in any period.
- (5) Operating income (loss) before depreciation and amortization is defined as operating income (loss) before depreciation and amortization, 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 this measure 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 may not be directly comparable to similar measures used by other companies. This measure should not be considered as a substitute for operating income (loss), net income (loss), net cash provided by operating activities or other measures of performance or liquidity reported in accordance with generally accepted accounting principles.

Notes to Consolidated Financial Statements (Continued)

Years Ended December 31, 2004, 2003 and 2002

15. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

(Dollars in millions, except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
2004					
Revenues	\$ 4,908	\$ 5,066	\$ 5,098	\$ 5,235	\$ 20,307
Operating income	659	852	686	711	2,908
Net income	65	262	220	423	970
Basic earnings for common stockholders per common share	0.03	0.12	0.10	0.19	0.43
Diluted earnings for common stockholders per common share	0.03	0.12	0.10	0.19	0.43
2003					
Revenues	\$ 4,466	\$ 4,594	\$ 4,546	\$ 4,742	\$ 18,348
Operating income ⁽¹⁾	294	425	493	742	1,954
Income (loss) from continuing operations	(355)	(93)	(153)	383	(218)
Income from discontinued operations ⁽²⁾	58	71	39	—	168
Gain on discontinued operations ⁽²⁾	—	—	3,290	—	3,290
Net income (loss)	(297)	(22)	3,176	383	3,240
Basic earnings (loss) for common stockholders per common share					
Income (loss) from continuing operations	(0.16)	(0.04)	(0.07)	0.17	(0.10)
Income from discontinued operations ⁽²⁾	0.03	0.03	0.02	—	0.08
Gain on discontinued operations ⁽²⁾	—	—	1.46	—	1.46
Net income (loss)	(0.13)	(0.01)	1.41	0.17	1.44
Diluted earnings (loss) for common stockholders per common share					
Income (loss) from continuing operations	(0.16)	(0.04)	(0.07)	0.17	(0.10)
Income from discontinued operations ⁽²⁾	0.03	0.03	0.02	—	0.08
Gain on discontinued operations ⁽²⁾	—	—	1.46	—	1.46
Net income (loss)	(0.13)	(0.01)	1.41	0.17	1.44

⁽¹⁾ In the fourth quarter of 2003, we reduced our intangible assets as a result of obtaining updated valuation reports related to the Broadband acquisition. Accordingly, fourth quarter operating income includes a reduction in amortization expense of approximately \$115 million related to prior quarters.

⁽²⁾ In September 2003, we sold our interest in QVC to Liberty. QVC is presented as a discontinued operation for all periods presented.

Notes to Consolidated Financial Statements (Continued)

Years Ended December 31, 2004, 2003 and 2002

16. CONDENSED CONSOLIDATING FINANCIAL INFORMATION

In November 2002, in order to simplify our capital structure, we and four of our cable holding company subsidiaries, Comcast Cable Communications, LLC ("CCCL"), Comcast Cable Communications Holdings, Inc. ("CCCH"), Comcast MO Group, Inc. ("Comcast MO Group"), and Comcast Cable Holdings, LLC ("CCH"), fully and unconditionally guaranteed each other's debt securities. On March 12, 2003, Comcast MO of Delaware, LLC ("Comcast MO of Delaware") was added to the cross-guarantee structure. Comcast MO Group and CCH (for the year ended December 31, 2002) and Comcast MO Group, CCH and Comcast MO of Delaware (as of December 31, 2004 and 2003, and for the years ended December 31, 2004 and 2003) are collectively referred to as the "Combined CCHMO Parents." Our condensed consolidating financial information is as follows (dollars in millions):

COMCAST CORPORATION
CONDENSED CONSOLIDATING BALANCE SHEET
AS OF DECEMBER 31, 2004

	Comcast Parent	CCCL Parent	CCCH Parent	Combined CCHMO Parents	Non-Guarantor Subsidiaries	Elimination and Consolidation Adjustments	Consolidated Comcast Corporation
ASSETS							
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ —	\$ 452	\$ —	\$ 452
Investments	—	—	—	—	1,555	—	1,555
Accounts receivable, net	—	—	—	—	959	—	959
Other current assets	15	—	—	—	554	—	569
Total current assets	15	—	—	—	3,520	—	3,535
INVESTMENTS	—	—	—	—	12,812	—	12,812
INVESTMENTS IN AND AMOUNTS DUE FROM SUBSIDIARIES ELIMINATED UPON CONSOLIDATION	48,317	28,687	35,642	41,898	22,135	(176,679)	—
PROPERTY AND EQUIPMENT, net	8	—	3	—	18,700	—	18,711
FRANCHISE RIGHTS	—	—	—	—	51,071	—	51,071
GOODWILL	—	—	—	—	14,020	—	14,020
OTHER INTANGIBLE ASSETS, net	—	—	—	—	3,851	—	3,851
OTHER NONCURRENT ASSETS, net	107	30	27	—	530	—	694
Total Assets	\$ 48,447	\$ 28,717	\$ 35,672	\$ 41,898	\$ 126,639	\$ (176,679)	\$ 104,694
LIABILITIES AND STOCKHOLDERS' EQUITY							
Accounts payable and accrued expenses related to trade creditors	\$ —	\$ —	\$ —	\$ —	\$ 2,041	\$ —	\$ 2,041
Accrued expenses and other current liabilities	671	216	126	197	1,525	—	2,735
Deferred income taxes	—	—	—	—	360	—	360
Current portion of long-term debt	—	700	—	1,080	1,719	—	3,499
Total current liabilities	671	916	126	1,277	5,645	—	8,635
LONG-TERM DEBT, less current portion	4,323	5,643	3,498	4,979	1,650	—	20,093
DEFERRED INCOME TAXES	—	—	—	—	26,815	—	26,815
OTHER NONCURRENT LIABILITIES	2,031	23	—	—	5,207	—	7,261
MINORITY INTEREST	—	—	—	—	468	—	468
STOCKHOLDERS' EQUITY	—	—	—	—	—	—	—
Common stock	25	—	—	—	—	—	25
Other stockholders' equity	41,397	22,135	32,048	35,642	86,854	(176,679)	41,397
Total Stockholders' Equity	41,422	22,135	32,048	35,642	86,854	(176,679)	41,422
Total Liabilities and Stockholders' Equity	\$ 48,447	\$ 28,717	\$ 35,672	\$ 41,898	\$ 126,639	\$ (176,679)	\$ 104,694

Notes to Consolidated Financial Statements (Continued)

Years Ended December 31, 2004, 2003 and 2002

COMCAST CORPORATION
CONDENSED CONSOLIDATING BALANCE SHEET
AS OF DECEMBER 31, 2003

	Comcast Parent	CCCL Parent	CCCH Parent	Combined CCHMO Parents	Non-Guarantor Subsidiaries	Elimination and Consolidation Adjustments	Consolidated Comcast Corporation
ASSETS							
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ —	\$ 1,550	\$ —	\$ 1,550
Investments	50	—	—	—	2,443	—	2,493
Accounts receivable, net	—	—	—	—	907	—	907
Other current assets	15	—	—	—	438	—	453
Total current assets	65	—	—	—	5,338	—	5,403
INVESTMENTS							
INVESTMENTS IN AND AMOUNTS DUE FROM SUBSIDIARIES ELIMINATED UPON CONSOLIDATION	46,268	26,643	33,138	39,919	19,678	(165,646)	—
PROPERTY AND EQUIPMENT, net	7	—	4	—	18,462	—	18,473
FRANCHISE RIGHTS	—	—	—	—	51,050	—	51,050
GOODWILL	—	—	—	—	14,841	—	14,841
OTHER INTANGIBLE ASSETS, net	—	—	—	—	3,859	—	3,859
OTHER NONCURRENT ASSETS, net	87	43	30	—	555	—	715
Total Assets	\$ 46,427	\$ 26,686	\$ 33,172	\$ 39,919	\$ 128,601	\$ (165,646)	\$ 109,159
LIABILITIES AND STOCKHOLDERS' EQUITY							
Accounts payable and accrued expenses related to trade creditors	\$ —	\$ —	\$ —	\$ —	\$ 2,355	\$ —	\$ 2,355
Accrued expenses and other current liabilities	391	99	76	316	2,577	—	3,459
Deferred income taxes	—	—	—	—	679	—	679
Current portion of long-term debt	—	303	—	314	2,544	—	3,161
Total current liabilities	391	402	76	630	8,155	—	9,654
LONG-TERM DEBT, less current portion	3,994	6,606	3,498	6,151	3,586	—	23,835
DEFERRED INCOME TAXES	—	—	—	—	25,900	—	25,900
OTHER NONCURRENT LIABILITIES	380	—	—	—	7,336	—	7,716
MINORITY INTEREST	—	—	—	—	392	—	392
STOCKHOLDERS' EQUITY							
Common stock	25	—	—	—	—	—	25
Other stockholders' equity	41,637	19,678	29,598	33,138	83,232	(165,646)	41,637
Total Stockholders' Equity	41,662	19,678	29,598	33,138	83,232	(165,646)	41,662
Total Liabilities and Stockholders' Equity	\$ 46,427	\$ 26,686	\$ 33,172	\$ 39,919	\$ 128,601	\$ (165,646)	\$ 109,159

Notes to Consolidated Financial Statements (Continued)

Years Ended December 31, 2004, 2003 and 2002

COMCAST CORPORATION
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2004

	Comcast Parent	CCCL Parent	CCCH Parent	Combined CCHMO Parents	Non-Guarantor Subsidiaries	Elimination and Consolidation Adjustments	Consolidated Comcast Corporation
REVENUES							
Service revenues	\$ —	\$ —	\$ —	\$ —	20,307	\$ —	20,307
Management fee revenue	416	161	253	253	—	(1,083)	—
	416	161	253	253	20,307	(1,083)	20,307
COSTS AND EXPENSES							
Operating (excluding depreciation)	—	—	—	—	7,462	—	7,462
Selling, general and administrative	168	161	253	253	5,562	(1,083)	5,314
Depreciation	2	—	—	—	3,418	—	3,420
Amortization	—	—	—	—	1,203	—	1,203
	170	161	253	253	17,645	(1,083)	17,399
OPERATING INCOME	246	—	—	—	2,662	—	2,908
OTHER INCOME (EXPENSE)							
Interest expense	(289)	(474)	(348)	(399)	(366)	—	(1,876)
Investment loss, net	—	—	—	—	472	—	472
Equity in net (losses) income of affiliates	998	1,170	310	569	774	(3,909)	(88)
Other income	—	—	—	—	394	—	394
	709	696	(38)	170	1,274	(3,909)	(1,098)
INCOME (LOSS) BEFORE INCOME TAXES AND MINORITY INTEREST	955	696	(38)	170	3,936	(3,909)	1,810
INCOME TAX BENEFIT (EXPENSE)	15	166	122	140	(1,269)	—	(826)
INCOME (LOSS) BEFORE MINORITY INTEREST	970	862	84	310	2,667	(3,909)	984
MINORITY INTEREST	—	—	—	—	(14)	—	(14)
NET INCOME (LOSS)	\$ 970	\$ 862	\$ 84	\$ 310	\$ 2,653	\$ (3,909)	\$ 970

Notes to Consolidated Financial Statements (Continued)

Years Ended December 31, 2004, 2003 and 2002

COMCAST CORPORATION
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2003

	Comcast Parent	CCCL Parent	CCCH Parent	Combined CCHMO Parents	Non-Guarantor Subsidiaries	Elimination and Consolidation Adjustments	Consolidated Comcast Corporation
REVENUES							
Service revenues	\$ —	\$ —	\$ —	\$ —	18,348	\$ —	18,348
Management fee revenue	376	147	231	231	—	(985)	—
	376	147	231	231	18,348	(985)	18,348
COSTS AND EXPENSES							
Operating (excluding depreciation)	—	—	—	—	7,041	—	7,041
Selling, general and administrative	156	147	231	231	5,135	(985)	4,915
Depreciation	—	—	—	—	3,166	—	3,166
Amortization	—	—	—	—	1,272	—	1,272
	156	147	231	231	16,614	(985)	16,394
OPERATING INCOME	220	—	—	—	1,734	—	1,954
OTHER INCOME (EXPENSE)							
Interest expense	(292)	(527)	(373)	(398)	(428)	—	(2,018)
Investment loss, net	—	—	—	—	(84)	—	(84)
Equity in net (losses) income of affiliates	3,287	996	(356)	(97)	593	(4,483)	(60)
Other income	—	—	—	—	71	—	71
	2,995	469	(729)	(495)	152	(4,483)	(2,091)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND MINORITY INTEREST	3,215	469	(729)	(495)	1,886	(4,483)	(137)
INCOME TAX BENEFIT (EXPENSE)	25	184	131	139	(463)	—	16
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE MINORITY INTEREST	3,240	653	(598)	(356)	1,423	(4,483)	(121)
MINORITY INTEREST	—	—	—	—	(97)	—	(97)
INCOME (LOSS) FROM CONTINUING OPERATIONS	3,240	653	(598)	(356)	1,326	(4,483)	(218)
INCOME FROM DISCONTINUED OPERATIONS, net of tax	—	—	—	—	168	—	168
GAIN ON DISCONTINUED OPERATIONS, net of tax	—	—	—	—	3,290	—	3,290
NET INCOME (LOSS)	\$ 3,240	\$ 653	\$ (598)	\$ (356)	\$ 4,784	\$ (4,483)	\$ 3,240

Notes to Consolidated Financial Statements (Continued)

Years Ended December 31, 2004, 2003 and 2002

COMCAST CORPORATION
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Comcast Parent	CCCL Parent	CCCH Parent	Combined CCHMO Parents	Non-Guarantor Subsidiaries	Elimination and Consolidation Adjustments	Consolidated Comcast Corporation
REVENUES	\$ —	\$ —	\$ —	\$ —	8,102	\$ —	8,102
COSTS AND EXPENSES							
Operating (excluding depreciation)	—	—	—	—	3,012	—	3,012
Selling, general and administrative	24	—	—	37	2,193	—	2,254
Depreciation	—	—	—	—	1,694	—	1,694
Amortization	—	—	—	—	221	—	221
	24	—	—	37	7,120	—	7,181
OPERATING INCOME (LOSS)	(24)	—	—	(37)	982	—	921
OTHER INCOME (EXPENSE)							
Interest expense	(2)	(566)	(59)	(46)	(197)	—	(870)
Investment loss, net	—	—	—	—	(543)	—	(543)
Equity in net (losses) income of affiliates	(124)	847	(176)	(125)	439	(924)	(63)
Other income	—	—	—	—	1	—	1
	(126)	281	(235)	(171)	(300)	(924)	(1,475)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND MINORITY INTEREST	(150)	281	(235)	(208)	682	(924)	(554)
INCOME TAX BENEFIT (EXPENSE)	10	221	23	32	(158)	—	128
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE MINORITY INTEREST	(140)	502	(212)	(176)	524	(924)	(426)
MINORITY INTEREST	—	—	—	—	(43)	—	(43)
INCOME (LOSS) FROM CONTINUING OPERATIONS	(140)	502	(212)	(176)	481	(924)	(469)
INCOME FROM DISCONTINUED OPERATIONS	—	—	—	—	195	—	195
NET INCOME (LOSS)	\$ (140)	\$ 502	\$ (212)	\$ (176)	\$ 676	\$ (924)	\$ (274)

Notes to Consolidated Financial Statements (Continued)

Years Ended December 31, 2004, 2003 and 2002

COMCAST CORPORATION
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2004

	Comcast Parent	CCCL Parent	CCCH Parent	Combined CCHMO Parents	Non-Guarantor Subsidiaries	Elimination and Consolidation Adjustments	Consolidated Comcast Corporation
OPERATING ACTIVITIES							
Net cash provided by (used in) operating activities	\$ 1,809	\$ (143)	\$ (155)	\$ (478)	\$ 4,897	\$ --	\$ 5,930
FINANCING ACTIVITIES							
Proceeds from borrowings	620	—	400	—	10	—	1,030
Retirements and repayments of debt	(300)	(561)	(400)	(306)	(756)	—	(2,323)
Issuances of common stock and sales of put options on common stock	113	—	—	—	—	—	113
Repurchases of common stock and stock options held by non-employees	(1,361)	—	—	—	—	—	(1,361)
Other financing activities	8	—	—	—	17	—	25
Net cash (used in) provided by financing activities	(920)	(561)	—	(306)	(729)	—	(2,516)
INVESTING ACTIVITIES							
Net transactions with affiliates	(889)	704	155	784	(754)	—	—
Capital expenditures	—	—	—	—	(3,660)	—	(3,660)
Proceeds from sales, settlements and restructuring of investments	—	—	—	—	228	—	228
Acquisitions, net of cash acquired	—	—	—	—	(296)	—	(296)
Additions to intangible and other noncurrent assets	—	—	—	—	(628)	—	(628)
Proceeds from sales of (purchases of) short-term investments, net	—	—	—	—	(13)	—	(13)
Capital contributions to and purchases of investments	—	—	—	—	(156)	—	(156)
Proceeds from settlement of contract of acquired company	—	—	—	—	26	—	26
Other investing activities	—	—	—	—	(13)	—	(13)
Net cash provided by (used in) investing activities	(889)	704	155	784	(5,266)	—	(4,512)
DECREASE IN CASH AND CASH EQUIVALENTS	—	—	—	—	(1,098)	—	(1,098)
CASH AND CASH EQUIVALENTS, beginning of year	—	—	—	—	1,550	—	1,550
CASH AND CASH EQUIVALENTS, end of year	\$ —	\$ —	\$ —	\$ —	\$ 452	\$ —	\$ 452

Notes to Consolidated Financial Statements (Continued)

Years Ended December 31, 2004, 2003 and 2002

COMCAST CORPORATION
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2003

	Comcast Parent	CCCL Parent	CCCH Parent	Combined CCHMO Parents	Non- Guarantor Subsidiaries	Elimination and Consolidation Adjustments	Consolidated Comcast Corporation
OPERATING ACTIVITIES							
Net cash provided by (used in) operating activities from continuing operations	\$ 165	\$ (297)	\$ (121)	\$ (553)	\$ 3,660	\$ —	\$ 2,854
FINANCING ACTIVITIES							
Proceeds from borrowings	8,138	1,150	—	—	110	—	9,398
Retirements and repayments of debt	(4,830)	(2,104)	(6,250)	(2,407)	(874)	—	(16,465)
Issuances of common stock and sales of put options on common stock	—	—	—	—	67	—	67
Repurchases of common stock	—	—	—	—	(14)	—	(14)
Deferred financing costs	—	—	—	—	(34)	—	(34)
Net cash (used in) provided by financing activities from continuing operations	3,308	(954)	(6,250)	(2,407)	(745)	—	(7,048)
INVESTING ACTIVITIES							
Net transactions with affiliates	(3,473)	1,251	6,371	2,960	(7,109)	—	—
Capital expenditures	—	—	—	—	(4,161)	—	(4,161)
Proceeds from sales, settlements and restructuring of investments	—	—	—	—	7,971	—	7,971
Acquisitions, net of cash acquired	—	—	—	—	(152)	—	(152)
Additions to intangible and other noncurrent assets	—	—	—	—	(155)	—	(155)
Purchases of short-term investments, net	—	—	—	—	(32)	—	(32)
Proceeds from sale of discontinued operations and assets held for sale	—	—	—	—	1,875	—	1,875
Capital contributions to and purchases of investments	—	—	—	—	(202)	—	(202)
Proceeds from settlement of contract of acquired company	—	—	—	—	95	—	95
Net cash provided by (used in) investing activities from continuing operations	(3,473)	1,251	6,371	2,960	(1,870)	—	5,239
INCREASE IN CASH AND CASH EQUIVALENTS	—	—	—	—	1,045	—	1,045
CASH AND CASH EQUIVALENTS, beginning of year	—	—	—	—	505	—	505
CASH AND CASH EQUIVALENTS, end of year	\$ —	\$ —	\$ —	\$ —	\$ 1,550	\$ —	\$ 1,550

Notes to Consolidated Financial Statements (Concluded)

Years Ended December 31, 2004, 2003 and 2002

COMCAST CORPORATION
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Comcast Parent	CCCL Parent	CCCH Parent	Combined CCHMO Parents	Non-Guarantor Subsidiaries	Elimination and Consolidation Adjustments	Consolidated Comcast Corporation
OPERATING ACTIVITIES							
Net cash provided by (used in) operating activities from continuing operations	\$ —	\$ (358)	\$ (51)	\$ (174)	\$ 3,004	\$ —	\$ 2,421
FINANCING ACTIVITIES							
Proceeds from borrowings	680	1,568	6,501	—	10	—	8,759
Retirements and repayments of debt	—	(2,216)	(6,100)	(10)	(1,182)	—	(9,508)
Proceeds from settlement of interest rate exchange agreements	—	57	—	—	—	—	57
Issuances of common stock	—	—	—	—	19	—	19
Deferred financing costs	—	(225)	—	—	(107)	—	(332)
Net cash (used in) provided by financing activities from continuing operations	680	(816)	401	(10)	(1,260)	—	(1,005)
INVESTING ACTIVITIES							
Net transactions with affiliates	(680)	1,174	(350)	184	(328)	—	—
Capital expenditures	—	—	—	—	(1,852)	—	(1,852)
Proceeds from sales and settlements of investments	—	—	—	—	1,263	—	1,263
Acquisitions, net of cash acquired	—	—	—	—	(251)	—	(251)
Additions to intangible and other noncurrent assets	—	—	—	—	(197)	—	(197)
Purchases of short-term investments, net	—	—	—	—	(21)	—	(21)
Capital contributions to and purchases of investments	—	—	—	—	(67)	—	(67)
Net cash (used in) provided by investing activities from continuing operations	(680)	1,174	(350)	184	(1,453)	—	(1,125)
INCREASE IN CASH AND CASH EQUIVALENTS							
CASH AND CASH EQUIVALENTS, beginning of year	—	—	—	—	291	—	291
CASH AND CASH EQUIVALENTS, end of year	\$ —	\$ —	\$ —	\$ —	\$ 505	\$ —	\$ 505

ITEM 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A CONTROLS AND PROCEDURES

Conclusions regarding disclosure controls and procedures. Our principal executive and principal financial officers, after evaluating the effectiveness of our disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) or 15d-15(e)) as of the end of the period covered by this report, have concluded that, based on the evaluation of these controls and procedures required by paragraph (b) of Exchange Act Rules 13a-15 or 15d-15, our disclosure controls and procedures were effective.

Management's annual report on internal control over financial reporting. Refer to *Management's Report on Internal Control Over Financial Reporting* on page 34.

Attestation report of the registered public accounting firm. Refer to *Report of Independent Registered Public Accounting Firm* on page 35.

Changes in internal control over financial reporting. There were no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B OTHER INFORMATION

None.

PART III

ITEM 10 DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Except for the information regarding executive officers required by Item 401 of Regulation S-K, which is included in Part I of this Annual Report on Form 10-K as Item 4A, we incorporate the information required by this item by reference to our definitive proxy statement for our annual meeting of shareholders presently scheduled to be held in June 2005. We refer to this proxy statement as the 2005 Proxy Statement.

ITEM 11 EXECUTIVE COMPENSATION

We incorporate the information required by this item by reference to our 2005 Proxy Statement.

ITEM 12 SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

We incorporate the information required by this item by reference to our 2005 Proxy Statement.

ITEM 13 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

We incorporate the information required by this item by reference to our 2005 Proxy Statement.

ITEM 14 PRINCIPAL ACCOUNTANT FEES AND SERVICES

We incorporate the information required by this item by reference to our 2005 Proxy Statement.

We will file our 2005 Proxy Statement for our Annual Meeting of Shareholders with the Securities and Exchange Commission on or before April 30, 2005.

PART IV

ITEM 15 EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)

The following consolidated financial statements of the Company are included in Part II, Item 8:

Report of Independent Registered Public Accounting Firm	35
Consolidated Balance Sheet—December 31, 2004 and 2003	36
Consolidated Statement of Operations—Years Ended December 31, 2004, 2003 and 2002	37
Consolidated Statement of Cash Flows—Years Ended December 31, 2004, 2003 and 2002	38
Consolidated Statement of Stockholders' Equity—Years Ended December 31, 2004, 2003 and 2002	39
Notes to Consolidated Financial Statements	40

(b) (i) The following financial statement schedules required to be filed by Items 8 and 14(d) of Form 10-K are included in Part IV:

Schedule II—Valuation and Qualifying Accounts

All other schedules are omitted because they are not applicable, not required or the required information is included in the consolidated financial statements or notes thereto.

(c)

Reports on Form 8-K:

(i)

We filed a Current Report on Form 8-K under Items 5.02 and 9.01(c) on October 19, 2004, announcing the election of Mr. Joseph J. Collins to our Board of Directors. We included the press release announcing Mr. Collins' election to the Board as exhibit 99.1 to this Current Report.

(ii)

We filed a Current Report on Form 8-K under Items 1.01 and 9.01(c) on December 8, 2004, announcing the adoption of the 2005 Deferred Compensation Plan by our Board of Directors. We included a copy of the Plan as exhibit 10.1 to this Current Report.

(d)

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

- 3.1 Restated Articles of Incorporation of Comcast Corporation (incorporated by reference to Exhibit 3.1 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2004).
- 3.2 Restated By-Laws of Comcast Corporation.
- 4.1 Specimen Class A Common Stock Certificate (incorporated by reference to Exhibit 4.1 to our Annual Report on Form 10-K for the year ended December 31, 2002).
- 4.2 Specimen Class A Special Common Stock Certificate (incorporated by reference to Exhibit 4.2 to our Annual Report on Form 10-K for the year ended December 31, 2002).
- 4.3 Rights Agreement dated as of November 18, 2002, between Comcast Corporation and EquiServe Trust Company, N.A., as Rights Agent, which includes the Form of Certificate of Designation of Series A Participant's Cumulative Preferred Stock as Exhibit A and the Form of Right Certificate as Exhibit B (incorporated by reference to our registration statement on Form 8-A12g filed on November 18, 2002).
- 4.4 Credit Agreement dated as of April 26, 2002, among Comcast Corporation, Comcast Cable Communications Holdings, Inc., the Financial Institutions party thereto, JPMorgan Chase Bank, as Administrative Agent, Swing Line Lender and Issuing Lender, Citibank, N.A., as Syndication Agent, and Bank of America, N.A., Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as Co-Documentation Agent (incorporated by reference to Exhibit 4.1 to our amended registration statement on Form S-4/A filed on May 14, 2002).
- 4.5 Bridge Credit Agreement dated as of April 26, 2002 among Comcast Corporation, Comcast Cable Communications Holdings, Inc., the Financial Institutions party thereto, JPMorgan Chase Bank, as Administrative Agent, Citibank, N.A., as Syndication Agent, and Bank of America, N.A., Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as Co-Documentation Agents (incorporated by reference to Exhibit 4.2 to our amended registration statement on Form S-4/A filed on May 14, 2002).
- 4.6 Amended and Restated Five-Year Revolving Credit Agreement effective as of November 18, 2002, amending and restating the Five-Year Revolving Credit Agreement dated as of August 24, 2000, among Comcast Cable Communications, LLC, Comcast Corporation, the Lenders party thereto and Bank of America, N.A., as Administrative Agent. (incorporated by reference to Annex I of Exhibit 10.3 to the Comcast Cable Communications, LLC Quarterly Report on Form 10-Q for the quarter ended March 31, 2002).
- 4.7 First Amendment to Amended and Restated Five-Year Revolving Credit Agreement dated as of February 7, 2003, among Comcast Cable Communications, LLC, Comcast Corporation, the Lenders party thereto and Bank of America, N.A., as Administrative Agent (incorporated by reference to Exhibit 4.7 to our Annual Report on Form 10-K for the year ended December 31, 2002).

- 4.8 Amended and Restated 364-Day Revolving Credit Agreement effective as of November 18, 2002, amending and restating the 364-Day Revolving Credit Agreement dated as of August 24, 2000, among Comcast Cable Communications, LLC, Comcast Corporation, the Lenders party thereto and Bank of America, N.A., as Administrative Agent. (incorporated by reference to Annex I of Exhibit 10.4 to the Comcast Cable Communications, LLC Quarterly Report on Form 10-Q for the quarter ended March 31, 2002).
- 4.9 First Amendment to Amended and Restated 364-Day Revolving Credit Agreement dated as of February 7, 2003, among Comcast Cable Communications, LLC, Comcast Corporation, the Lenders party to thereto and Bank of America, N.A., as Administrative Agent (incorporated by reference to Exhibit 4.9 to our Annual Report on Form 10-K for the year ended December 31, 2002).
- 4.10 Indenture, dated as of October 17, 1991, between Comcast Holdings Corporation and Bank of Montreal/Harris Trust (successor to Morgan Guaranty Trust Company of New York), as Trustee, relating to Comcast Holdings' 10^{7/8}% Senior Subordinated Debentures due 2012 (incorporated by reference to Exhibit 2 to the Comcast Holdings Corporation Current Report on Form 8-K filed on October 31, 1991).
- 4.11 Form of Debenture relating to Comcast Holdings Corporation's 10^{7/8}% Senior Subordinated Debentures due 2012 (incorporated by reference to Exhibit 4(17) to the Comcast Holdings Corporation Annual Report on Form 10-K for the year ended December 31, 1992).
- 4.12 Senior Indenture dated as of June 15, 1999, between Comcast Holdings Corporation and The Bank of New York (as successor in interest to Bank of Montreal Trust Company), as Trustee (incorporated by reference to Exhibit 4.1 to the registration statement on Form S-3 of Comcast Holdings filed on June 23, 1999).
- 4.13 Form of Debenture relating to Comcast Holdings Corporation's Zero Coupon Convertible Debentures due 2020 (incorporated by reference to Exhibit 4.7 to the Comcast Holdings Corporation Annual Report on Form 10-K for the year ended December 31, 2000).
- 4.14 Indenture dated as of May 1, 1997, between Comcast Cable Communications, LLC and The Bank of New York (as successor in interest to Bank of Montreal Trust Company), as Trustee, relating to Comcast Cable Communications, LLC's 8^{1/8}% Notes due 2004, 8^{7/8}% Notes due 2007, 8^{7/8}% Notes due 2017, 8^{1/2}% Notes due 2027, 6.20% Notes due 2008, 6.375% Notes due 2006, 6.75% Notes due 2011, 6.875% Notes due 2009 and 7.125% Notes due 2013 (incorporated by reference to Exhibit 4.1(a) to the registration statement on Form S-4 of Comcast Cable Communications, LLC filed on June 3, 1997).
- 4.15 Form of Comcast Cable Communications, LLC's 8^{1/8}% Notes due 2004, 8^{7/8}% Notes due 2007, 8^{7/8}% Notes due 2017 and 8^{1/2}% Notes due 2027, 6.20% Notes due 2008, 6.375% Notes due 2006, 6.75% Notes due 2011, 6.875% Notes due 2009 and 7.125% Notes due 2013 (incorporated by reference to Exhibit 4.1(b) to the registration statement on Form S-4 of Comcast Cable Communications, LLC filed on June 3, 1997).
- 4.16 Form of Indenture among Comcast Corporation, Comcast Cable Communications, LLC, Comcast Cable Communications Holdings, Inc., Comcast Cable Holdings, LLC, Comcast MO Group, Inc., and The Bank of New York, as Trustee relating to Comcast Cable Communications Holdings, Inc.'s 8.375% Notes due March 15, 2013 and 9.455% Notes Due November 15, 2022 (incorporated by reference to Exhibit 4.18 to our amended registration statement on Form S-4/A filed on September 26, 2002).
- 4.17 Form of Comcast Cable Communications Holdings, Inc.'s 8.375% Notes Due March 15, 2013 (incorporated by reference to Exhibit 4.19 to our amended registration statement on Form S-4/A filed on September 26, 2002).
- 4.18 Form of Comcast Cable Communications Holdings, Inc.'s 9.455% Notes Due November 15, 2022 (incorporated by reference to Exhibit 4.20 to our amended registration statement on Form S-4/A filed on September 26, 2002).
- 4.19 Form of Indenture among Comcast Corporation, Comcast Cable Communications, LLC, Comcast Cable Communications Holdings, Inc., Comcast Cable Holdings, LLC, Comcast MO Group, Inc., and The Bank of New York, as Trustee relating to our 5.85% Notes due 2010 and 6.50% Notes Due 2015 (incorporated by reference to Exhibit 4.5 to our registration statement on Form S-3 filed on December 16, 2002).
- 4.20 Form of Comcast Corporation's 5.85% Notes due 2010 (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed on January 10, 2003).
- 4.21 Form of Comcast Corporation's 6.50% Notes due 2015 (incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K filed on January 10, 2003).
- 4.22 Form of Subordinated Indenture between Comcast Holdings Corporation and Bankers Trust Company, as Trustee, relating to Comcast Holdings Corporation's 2.0% Exchangeable Subordinated Debentures Due 2029 and 2.0% Exchangeable Subordinated Debentures Due November 2029 (incorporated by reference to Exhibit 4.2 to Comcast Holdings Corporation's registration statement on Form S-3 filed on June 23, 1999).
- 4.23 Form of Comcast Holdings Corporation's 2.0% Exchangeable Subordinated Debentures Due 2029 (ZONES I) (incorporated by reference to Exhibit 4 to Comcast Holdings Corporation's Current Report on Form 8-K filed on October 14, 1999).
- 4.24 Form of Comcast Holdings Corporation's 2.0% Exchangeable Subordinated Debentures Due November 2029 (ZONES II) (incorporated by reference to Exhibit 4 to Comcast Holdings Corporation's Current Report on Form 8-K filed on November 3, 1999).

- 4.25 Form of Supplemental Indenture among Comcast Corporation, Comcast Cable Holdings, LLC, Comcast Cable Communications Holdings, Inc., Comcast Cable Communications, LLC, Comcast MO Group, Inc., Comcast MO of Delaware, Inc. and The Bank of New York as Trustee relating to our 5.85% Notes due 2010, 6.50% Notes due 2015, 5.50% Notes due 2011, 7.05% Notes Due 2033 and 5.30% Notes due 2014 (incorporated by reference to Exhibit 4.25 to our Annual Report on Form 10-K for the year ended December 31, 2003).
- 4.26 Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, the registrant hereby agrees to furnish upon request to the Securities and Exchange Commission other instruments defining the rights of holders of long-term debt. The amount of securities authorized under each such instrument does not exceed ten percent of the total assets of the registrant and its subsidiaries on a consolidated basis.
- 9.1 Agreement and Declaration of Trust of TWE Holdings I Trust by and among MOC Holdco I, Inc., Edith E. Holiday and The Capital Trust Company of Delaware (incorporated by reference to Exhibit 99.2 to our Current Report on Form 8-K12g3 filed on November 18, 2002).
- 9.2 Form of Agreement and Declaration of Trust of TWE Holdings II Trust by and among MOC Holdco II, Inc., Edith E. Holiday and The Capital Trust Company of Delaware (incorporated by reference to Exhibit 99.3 to our Current Report on Form 8-K12g3 filed on November 18, 2002).
- 9.3 Agreement and Declaration of Trust of TWE Holdings III Trust by and among Media One TWE Holdings, Inc., Edith E. Holiday and The Capital Trust Company of Delaware (incorporated by reference to Exhibit 99.4 to our Current Report on Form 8-K12g3 filed on November 18, 2002).
- 10.1* Comcast Corporation 1987 Stock Option Plan, as amended and restated, effective November 18, 2002 (incorporated by reference to Exhibit 10.1 to our Annual Report on Form 10-K for the year ended December 31, 2002).
- 10.2* Comcast Corporation 2002 Stock Option Plan, as amended and restated, effective January 30, 2004 (incorporated by reference to Exhibit 10.2 to our Annual Report on Form 10-K for the year ended December 31, 2003).
- 10.3* Comcast Corporation 2003 Stock Option Plan, as amended and restated, effective January 30, 2004 (incorporated by reference to Exhibit 10.3 to our Annual Report on Form 10-K for the year ended December 31, 2003).
- 10.4* Comcast Corporation 2002 Deferred Compensation Plan, as amended and restated, effective February 16, 2005.
- 10.5* Comcast Corporation 2005 Deferred Compensation Plan, as amended and restated, effective January 1, 2005.
- 10.6* Comcast Corporation 2002 Deferred Stock Option Plan, as amended and restated, effective February 16, 2005.
- 10.7* Comcast Corporation 2002 Restricted Stock Plan, as amended and restated, effective January 1, 2005.
- 10.8* 2004 Management Achievement Plan, effective January 1, 2004 (incorporated by reference to Exhibit 10.7 to our Annual Report on Form 10-K for the year ended December 31, 2003).
- 10.9* 1992 Executive Split Dollar Insurance Plan (incorporated by reference to Exhibit 10(12) to the Comcast Holdings Corporation Annual Report on Form 10-K for the year ended December 31, 1992).
- 10.10* Comcast Corporation 2002 Cash Bonus Plan (formerly the 1996 Cash Bonus Plan), as amended and restated, effective March 3, 2003 (incorporated by reference to Exhibit 10.9 to our Annual Report on Form 10-K for the year ended December 31, 2003).
- 10.11* Comcast Corporation 2002 Executive Cash Bonus Plan (formerly the 1996 Executive Cash Bonus Plan), as amended and restated, effective January 30, 2004 (incorporated by reference to Exhibit 10.10 to our Annual Report on Form 10-K for the year ended December 31, 2003).
- 10.12* Comcast Corporation 2002 Supplemental Cash Bonus Plan, as amended and restated, effective January 30, 2004 (incorporated by reference to Exhibit 10.11 to our Annual Report on Form 10-K for the year ended December 31, 2003).
- 10.13* Comcast Corporation 2002 Non-Employee Director Compensation Plan, as amended and restated, effective January 12, 2005.
- 10.14* Comcast Corporation 2002 Employee Stock Purchase Plan, as amended and restated, effective January 1, 2005.
- 10.15* Compensation and Deferred Compensation Agreement and Stock Appreciation Bonus Plan between Comcast Holdings Corporation and Ralph J. Roberts, as amended and restated March 16, 1994 (incorporated by reference to Exhibit 10(13) to the Comcast Holdings Corporation Annual Report on Form 10-K for the year ended December 31, 1993).
- 10.16* Compensation and Deferred Compensation Agreement between Comcast Holdings Corporation and Ralph J. Roberts, as amended and restated August 31, 1998 (incorporated by reference to Exhibit 10.1 to the Comcast Holdings Corporation quarterly report on Form 10-Q for the quarter ended September 30, 1998).
- 10.17* Amendment Agreement to Compensation and Deferred Compensation Agreement between Comcast Holdings Corporation and Ralph J. Roberts, dated as of August 19, 1999 (incorporated by reference to Exhibit 10.2 to the Comcast Holdings Corporation quarterly report on Form 10-Q for the quarter ended March 31, 2000).
- 10.18* Amendment to Compensation and Deferred Compensation Agreement between Comcast Holdings Corporation and Ralph J. Roberts, dated as of June 5, 2001 (incorporated by reference to Exhibit 10.8 to the Comcast Holdings Corporation Annual Report on Form 10-K for the year ended December 31, 2001).
- 10.19* Amendment to Compensation and Deferred Compensation Agreement between Comcast Holdings Corporation and Ralph J. Roberts, dated as of January 24, 2002 (incorporated by reference to Exhibit 10.16 to our Annual Report on Form 10-K for the year ended December 31, 2002).
- 10.20* Amendment to Compensation and Deferred Compensation Agreement between Comcast Holdings Corporation and Ralph J. Roberts, dated as of November 18, 2002 (incorporated by reference to Exhibit 10.17 to our Annual Report on Form 10-K for the year ended December 31, 2002).

- 10.21* Insurance Premium Termination Agreement between Comcast Corporation and Ralph J. Roberts, effective January 30, 2004 (incorporated by reference to Exhibit 10.1 to our Form 10-Q for the quarter ended March 31, 2004).
- 10.22* Compensation Agreement between Comcast Holdings Corporation and Brian L. Roberts, dated as of June 16, 1998 (incorporated by reference to Exhibit 10.1 to the Comcast Holdings Corporation quarterly report on Form 10-Q for the quarter ended March 31, 2000).
- 10.23* Amendment to Compensation Agreement between Comcast Holdings Corporation and Brian L. Roberts, dated as of November 18, 2002 (incorporated by reference to Exhibit 10.20 to our Annual Report on Form 10-K for the year ended December 31, 2002).
- 10.24* Consulting Agreement between Comcast Corporation and C. Michael Armstrong, dated as of May 26, 2004 (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2004).
- 10.25* First Amendment to Consulting Agreement between Comcast Corporation and C. Michael Armstrong, dated as of May 26, 2004 (incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2004).
- 10.26* Certificate of Interest of Julian Brodsky under the Comcast Holdings Corporation Unfunded Plan of Deferred Compensation (incorporated by reference to Exhibit 10.21 to our Annual Report on Form 10-K for the year ended December 31, 2002).
- 10.27* Employment Agreement between Comcast Holdings Corporation and Julian A. Brodsky, dated as of May 1, 2002 (incorporated by reference to Exhibit 10.22 to our Annual Report on Form 10-K for the year ended December 31, 2002).
- 10.28* Amendment to Employment Agreement between Comcast Holdings Corporation and Julian A. Brodsky, dated as of November 18, 2002 (incorporated by reference to Exhibit 10.23 to our Annual Report on Form 10-K for the year ended December 31, 2002).
- 10.29* Employment Agreement between Comcast Corporation and Stephen B. Burke, effective January 1, 2004 (incorporated by reference to Exhibit 10.2 to our Form 10-Q for the quarter ended March 31, 2004).
- 10.30* Executive Employment Agreement between Comcast Holdings Corporation and Lawrence S. Smith, dated as of May 31, 2000 (incorporated by reference to Exhibit 10.26 to our Annual Report on Form 10-K for the year ended December 31, 2002).
- 10.31* Executive Employment Agreement between Comcast Holdings Corporation and John R. Alchin, dated as of May 31, 2000 (incorporated by reference to Exhibit 10.27 to our Annual Report on Form 10-K for the year ended December 31, 2002).
- 10.32* Comcast Corporation Supplemental Executive Retirement Plan, as amended and restated, effective June 5, 2001 (incorporated by reference to Exhibit 10.10 to the Comcast Holdings Corporation Annual Report on Form 10-K for the year ended December 31, 2001).
- 10.33 Amended and Restated Stock Purchase Agreement, dated as of June 30, 2003, among Comcast Corporation, Comcast QVC, Inc., Liberty Media Corporation and QVC, Inc. (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on October 1, 2003).
- 10.34 Term Life Insurance Premium and Tax Bonus Agreement between Comcast Holdings Corporation and Brian L. Roberts, dated as of September 23, 1998 (incorporated by reference to Exhibit 10.1 to our quarterly report on Form 10-Q for the quarter ended March 31, 2003).
- 21 List of Subsidiaries.
- 23.1 Consent of Deloitte & Touche LLP.
- 31 Certifications of Chief Executive Officer and Co-Chief Financial Officers pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32 Certifications of Chief Executive Officer and Co-Chief Financial Officers pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

*

Constitutes a management contract or compensatory plan or arrangement.

Signature	Title	Date
<hr/> <i>/s/</i> JOSEPH L. CASTLE, II <hr/> Joseph L. Castle, II	Director	February 23, 2005
<hr/> <i>/s/</i> JOSEPH J. COLLINS <hr/> Joseph J. Collins	Director	February 23, 2005
<hr/> <i>/s/</i> J. MICHAEL COOK <hr/> J. Michael Cook	Director	February 23, 2005
<hr/> <i>/s/</i> DR. JUDITH RODIN <hr/> Dr. Judith Rodin	Director	February 23, 2005
<hr/> <i>/s/</i> MICHAEL I. SOVERN <hr/> Michael I. Sovern	Director	February 23, 2005

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Comcast Corporation
Philadelphia, Pennsylvania

We have audited the consolidated financial statements of Comcast Corporation and subsidiaries (the "Company") as of December 31, 2004 and 2003, and for each of the three years in the period ended December 31, 2004, management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2004, and the effectiveness of the Company's internal control over financial reporting as of December 31, 2004, and have issued our report thereon dated February 21, 2005; such consolidated financial statements and report are included elsewhere in this Form 10-K. Our audits also included the consolidated financial statement schedule of Comcast Corporation and its subsidiaries, listed in Item 15(b)(i). This consolidated financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

Deloitte & Touche LLP
Philadelphia, Pennsylvania
February 21, 2005

Comcast Corporation and Subsidiaries

Schedule II—Valuation and Qualifying Accounts

Years Ended December 31, 2004, 2003 and 2002

(In millions)	Balance at Beginning of Year	Additions Charged to Costs and Expenses(A)	Deductions from Reserves(B)	Balance at End of Year
<hr/>				
Allowance for Doubtful Accounts				
2004	\$ 146	\$ 247	\$ 261	\$ 132
2003	172	220	246	146
2002	71	198	97	172
<hr/>				

(A) Includes \$71 million not charged to costs and expenses but resulting from the Broadband acquisition in 2002.

(B) Uncollectible accounts written off.

RESTATED
BY-LAWS
OF
COMCAST CORPORATION

* * * * *

May 26, 2004

* * * * *

The By-Laws of the Corporation are restated in their entirety to read as follows:

ARTICLE 1
OFFICES

Section 1.01. *Registered Office.* The registered office of the Corporation shall be located within the Commonwealth of Pennsylvania at such place as the Board of Directors (hereinafter referred to as the "Board of Directors" or the "Board") shall determine from time to time.

Section 1.02. *Other Offices.* The Corporation may also have offices at such other places, within or without the Commonwealth of Pennsylvania, as the Board of Directors may determine from time to time.

ARTICLE 2
MEETINGS OF SHAREHOLDERS

Section 2.01. *Place of Meetings of Shareholders.* Meetings of shareholders may be held at such geographic locations, within or without the Commonwealth of Pennsylvania, as may be fixed from time to time by the Board of Directors. If no such geographic location is so fixed by the Board of Directors or the Board of Directors does not determine to hold a meeting by means of electronic technology (as provided in the next sentence) rather than at a geographic location, meetings of the shareholders shall be held at the executive office of the Corporation. If a meeting of the shareholders is held by means of the Internet or other electronic communications technology in a fashion pursuant to which the shareholders have the opportunity to read or hear the proceedings substantially concurrently with their occurrence, vote on matters submitted to the shareholders and pose questions to the Directors, the meeting need not be held at a particular geographic location.

Section 2.02. *Annual Meetings of Shareholders.*

(a) Time. Subject to Article SIXTH of the Articles of Incorporation, a meeting of the shareholders of the Corporation shall be held in each calendar year, on such date and at such time as the Board of Directors may determine, or if the Board of Directors fails to set a date and time, on the second Thursday of June at 9:00 o'clock a.m., if not a holiday on which national banks are or may elect to be closed ("Holiday"), and if such day is a Holiday, then such meeting shall be held on the next business day at such time.

(b) Election of Directors. At each such annual meeting commencing with the annual meeting held in 2004, there shall be held an election of Directors to serve for the ensuing year and until their successors shall have been selected and qualified or until their earlier death, resignation or removal.

Section 2.03. *Special Meetings of Shareholders.* Special meetings of the shareholders may be called at any time by the Board of Directors. Special meetings of the shareholders may not be called by shareholders. Upon the written instruction of the Board of Directors, which instruction specifies the general nature of the business to be transacted at such meeting as well as the date, time and place of such meeting, it shall be the duty of the Secretary to give due notice thereof as required by Section 2.04 hereof.

Section 2.04. *Notices of Meetings of Shareholders.* Written notice, complying with Article 6 of these By-Laws, of any meeting of the shareholders, shall be given to each shareholder of record entitled to vote at the meeting, other than those excepted by Section 1707 of the Pennsylvania Business Corporation Law of 1988, as amended (the "Pennsylvania BCL"), at least twenty days prior to the day named for the meeting,

except as provided in Section 6.07. Such notices may be given by, or at the direction of, the Secretary or other authorized person.

Section 2.05. *Quorum of and Action by Shareholders.*

(a) General Rule. A meeting of shareholders duly called shall not be organized for the transaction of business unless a quorum is present, in person or by proxy, as to at least one of the matters to be considered. Except as provided in subsections (c), (d) and (e) of this Section 2.05, the presence, in person or by proxy, of shareholders entitled to cast at least a majority of the votes that all shareholders are entitled to cast on a particular matter to be acted upon at the meeting shall constitute a quorum for the purpose of consideration of and action on the matter. To the extent that a quorum is present with respect to consideration of and action on a particular matter or matters but a quorum is not present as to another matter or matters, consideration of and action on the matter or matters for which a quorum is present may occur, and, after such consideration and action, the meeting may be adjourned for purposes of the consideration of and action on the matter or matters for which a quorum is not present.

(b) Action by Shareholders. Except as otherwise specifically provided by law, all matters coming before a meeting of shareholders shall be determined by a vote of shares. Except as otherwise provided by a resolution adopted by the Board of Directors, by the Articles of Incorporation, by the Pennsylvania BCL or by these By-Laws, whenever any corporate action is to be taken by vote of the shareholders of the Corporation at a duly organized meeting of shareholders, it shall be authorized by a majority of the votes cast at the meeting by the holders of shares entitled to vote with respect to such matter; *provided* that in no event may the required shareholder vote be reduced below that provided above.

(c) Continuing Quorum. The shareholders present at a duly organized meeting can continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

(d) Election of Directors at Adjourned Meetings. Those shareholders entitled to vote who attend a meeting called for the election of Directors that has been previously adjourned for one or more periods aggregating at least 5 days for lack of a quorum (whether with respect to a particular matter or all matters to be considered and acted upon at such meeting), although less than a quorum as fixed in subsection (a), shall nevertheless constitute a quorum for the purpose of electing Directors at such reconvened meeting.

(e) Conduct of Other Business at Adjourned Meetings. Those shareholders entitled to vote who attend a meeting of shareholders that has been previously adjourned for one or more periods aggregating at least 15 days because of an absence of a quorum (whether with respect to a particular matter or all matters to be considered and acted upon at such meeting), although less than a quorum as fixed in subsection (a), shall nevertheless constitute a quorum for the purpose of acting upon any matter set forth in the notice of meeting if the notice states that those shareholders who attend the adjourned meeting shall nevertheless constitute a quorum for the purpose of acting upon the matter.

Section 2.06. *Adjournments.*

(a) General Rule. Adjournments of any regular or special meeting of shareholders, including one at which Directors are to be elected, may be taken for such periods as the shareholders present and entitled to vote shall direct.

(b) Lack of Quorum. Without limiting the generality of Section 2.06(c), if a meeting cannot be organized because a quorum has not attended, those present may, except as otherwise provided in the Pennsylvania BCL, adjourn the meeting to such time and place as they may determine. To the extent, as set forth in Section 2.05(a), that a quorum was not present with respect to consideration of and action on a particular matter at a duly called and organized meeting, consideration of and action on such matter may be adjourned to such date, time and place as those present may determine, and the balance of the matters to be considered at such meeting for which a quorum was present may be considered and acted upon at the initial meeting.

(c) **Notice of an Adjourned Meeting.** When a meeting of shareholders is adjourned, it shall not be necessary to give any notice of the adjourned meeting or of the business to be transacted at an adjourned meeting, other than by announcement at the meeting at which the adjournment is taken, unless the Board fixes a new record date for the adjourned meeting or the Pennsylvania BCL requires notice of the business to be transacted and such notice has not been previously given.

Section 2.07. *Voting List, Voting and Proxies.*

(a) **Voting List.** The officer or agent having charge of the transfer books for shares of the Corporation shall make a complete list of the shareholders entitled to vote at any meeting of shareholders, arranged in alphabetical order, with the address of and the number of shares held by each. The list shall be produced and kept open at the date, time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting for the purposes thereof except that, if the Corporation has 5,000 or more shareholders, in lieu of the making of the list the Corporation may make the information therein available at the meeting by any other means.

(b) **Method of Voting.** At the discretion of the presiding officer of a meeting of shareholders, (i) in elections for directors voting need not be by ballot but may be taken by voice, show of hands or such other method determined by the presiding officer unless it is required by vote of the shareholders, before the vote begins, that the vote be taken by ballot and (ii) with respect to any other action to be taken by vote at the meeting, as set forth in Section 2.05(b), voting need not be by ballot but may be taken by voice, show of hands or such other method determined by the presiding officer to the fullest extent permitted by applicable law (including the Pennsylvania BCL).

(c) **Proxies.** At all meetings of shareholders, shareholders entitled to vote may attend and vote either in person or by proxy. Every proxy shall be executed or authenticated by the shareholder or by such shareholder's duly authorized attorney-in-fact and shall be filed with, or transmitted to, the Secretary of the Corporation or its designated agent. A shareholder or such shareholder's duly authorized attorney-in-fact may execute or authenticate in writing or transmit an electronic message authorizing another person to act for such shareholder by proxy. A proxy, unless coupled with an interest (as defined in Section 1759(d) of the Pennsylvania BCL), shall be revocable at will, notwithstanding any other agreement or any provision in the proxy to the contrary, but the revocation of a proxy shall not be effective until notice thereof has been given to the Secretary of the Corporation or its designated agent in writing or by electronic transmission. An unrevoked proxy shall not be valid after three years from the date of its execution unless a longer time is expressly provided therein. A proxy shall not be revoked by the death or incapacity of the maker unless, before the vote is counted or the authority is exercised, notice of the death or incapacity is given to the Secretary of the Corporation or its designated agent in writing or by electronic transmission.

(d) **Judges of Election.** In advance of any meeting of shareholders of the Corporation, the Board of Directors may appoint one or three Judges of Election, who need not be shareholders and who will have such duties as provided in Section 1765(a)(3) of the Pennsylvania BCL, to act at the meeting or any adjournment thereof. If one or three Judges of Election are not so appointed, the presiding officer of the meeting may, and on the request of any shareholder shall, appoint one or three Judges of Election at the meeting. In case any person appointed as a Judge of Election fails to appear or refuses to act, the vacancy may be filled by appointment made by the Board of Directors in advance of the convening of the meeting or at the meeting by the presiding officer. A person who is a candidate for office to be filled at the meeting shall not act as a Judge of Election. Unless the Pennsylvania BCL permits otherwise, this Section 2.07(d) may be modified only by a By-Law amendment adopted by the shareholders.

(e) **No Action by Written Consent in Lieu of a Meeting.** Subject to Article NINTH of the Articles of Incorporation, the shareholders shall not be permitted to act by written consent in lieu of a meeting.

Section 2.08. *Participation in Meetings by Electronic Means.* The Board of Directors may permit, by resolution with respect to a particular meeting of the shareholders, or the presiding officer of such meeting may permit, one or more persons to participate in that meeting, count for the purposes of determining a quorum and exercise all rights and privileges to which such person might be entitled were such person

personally in attendance, including the right to vote, by means of conference telephone or other electronic means, including, without limitation, the Internet. Unless the Board of Directors so permits by resolution, or the presiding officer of such meeting so permits, no person may participate in a meeting of the shareholders by means of conference telephone or other electronic means.

Section 2.09. *Business at Meetings of Shareholders.* Except as otherwise provided by law (including but not limited to Rule 14a-8 promulgated under the Securities and Exchange Act of 1934, as amended, or any successor provision thereto) or in these By-Laws, the business which shall be conducted at any meeting of the shareholders shall (a) have been specified in the written notice of the meeting (or any supplement thereto) given by the Corporation, or (b) be brought before the meeting at the direction of the Board of Directors, or (c) be brought before the meeting by the presiding officer of the meeting unless a majority of the Directors then in office object to such business being conducted at the meeting, or (d) in the case of any matters intended to be brought by a shareholder before an annual meeting of shareholders for specific action at such meeting, have been specified in a written notice given to the Secretary of the Corporation, by or on behalf of any shareholder who shall have been a shareholder of record on the record date for such meeting and who shall continue to be entitled to vote thereat (the "Shareholder Notice"), in accordance with all of the following requirements:

(i) Each Shareholder Notice must be delivered to, or mailed and received at, the principal executive offices of the Corporation (A) in the case of an annual meeting that is called for a date that is within 30 days before or after the anniversary date of the immediately preceding annual meeting of shareholders, not less than 60 days nor more than 90 days prior to such anniversary date, and (B) in the case of an annual meeting that is called for a date that is not within 30 days before or after the anniversary date of the immediately preceding annual meeting, not later than the close of business on the tenth day following the day on which notice of the date of the meeting was mailed or public disclosure of the date of the meeting was made, whichever occurs first; and

(ii) Each such Shareholder Notice must set forth: (A) the name and address of the shareholder who intends to bring the business before the meeting; (B) the general nature of the business which such shareholder seeks to bring before the meeting and the text of the resolution or resolutions which the proposing shareholder proposes that the shareholders adopt; and (C) a representation that the shareholder is a holder of record of the stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to bring the business specified in the notice before the meeting. The presiding officer of the meeting may, in his or her sole discretion, refuse to acknowledge any business proposed by a shareholder not made in compliance with the foregoing procedure.

Section 2.10. *Conduct Of Meetings Of Shareholders.*

(a) *Presiding Officer.* There shall be a presiding officer at every meeting of the shareholders. Subject to Article SIXTH of the Articles of Incorporation, the presiding officer shall be appointed by the Board of Directors or in the manner authorized by the Board of Directors; *provided* that if a presiding officer is not designated by the Board of Directors or in the manner authorized by the Board of Directors, the Chairman of the Board shall be the presiding officer.

(b) *Authority of Presiding Officer.* Except as prescribed by the Board of Directors, the presiding officer shall determine the order of business and shall have the authority to establish rules for the conduct of the meeting of the shareholders.

(c) *Procedural Standard.* Any action by the presiding officer in adopting rules for, and in conducting, a meeting of the shareholders shall be fair to the shareholders. The conduct of the meeting need not follow *Robert's Rules of Order* or any other published rules for the conduct of a meeting.

(d) *Closing of the Polls.* The presiding officer shall announce at the meeting of the shareholders when the polls close for each matter voted upon. If no announcement is made, the polls shall be deemed to have closed upon the final adjournment of the meeting. After the polls close, no ballots, proxies or votes, nor any revocations or changes thereto, may be accepted.

ARTICLE 3
BOARD OF DIRECTORS

Section 3.01. *Board of Directors.*

(a) **General Powers.** Except as otherwise provided by law, the Articles of Incorporation or these By-Laws, all powers of the Corporation shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of, the Board of Directors. Unless the Pennsylvania BCL permits otherwise, this Section 3.01(a) may be modified only by a By-Law amendment adopted by the shareholders.

(b) **Number.** Subject to Article SIXTH of the Articles of Incorporation, the number of Directors shall be as determined by the Board of Directors from time to time.

(c) **Vacancies.** Each Director shall hold office until the expiration of the term for which such person was selected and until such person's successor has been selected and qualified or until such person's earlier death, resignation or removal. Subject to Article SIXTH of the Articles of Incorporation, any vacancies on the Board of Directors, including vacancies resulting from an increase in the number of Directors, may be filled by a majority vote of the remaining members of the Board of Directors, though less than a quorum, or by a sole remaining Director, or, if there are no remaining Directors, by the shareholders, and each person so selected shall be a Director to serve for the balance of the unexpired term.

(d) **Removal.** The entire Board of Directors or any individual Director may be removed from office only for cause by the vote of the shareholders entitled to elect directors.

(e) **Qualification.** A Director must be a natural person at least 18 years of age.

Section 3.02. *Place of Meetings.* Meetings of the Board of Directors may be held at such place within or without the Commonwealth of Pennsylvania as the Board of Directors may appoint from time to time or as may be designated in the notice of the meeting.

Section 3.03. *Regular Meetings.* A regular meeting of the Board of Directors shall be held immediately following each annual meeting of the shareholders, at the place where such meeting of the shareholders is held or at such other place and time after the annual meeting of shareholders as the Board of Directors may designate. Subject to Article SIXTH of the Articles of Incorporation, at such meeting, the Board of Directors shall elect officers of the Corporation. In addition to such regular meeting, the Board of Directors shall have the power to fix by resolution the place, date and time of other regular meetings of the Board of Directors.

Section 3.04. *Special Meetings.* Special meetings of the Board of Directors shall be held whenever ordered by the Chairman of the Board, the Chief Executive Officer, by the Board of Directors or by any officer of the Corporation authorized by Article SIXTH of the Articles of Incorporation to call special meetings of the Board of Directors for so long as such officer is also a Director of the Corporation.

Section 3.05. *Participation in Meetings by Electronic Means.* Any Director may participate in any meeting of the Board of Directors or of any committee (*provided* such Director is otherwise entitled to participate), be counted for the purpose of determining a quorum thereof and exercise all rights and privileges to which such Director might be entitled were such Director personally in attendance, including the right to vote, or any other rights attendant to presence in person at such meeting, by means of conference telephone or other electronic technology by means of which all persons participating in the meeting can hear each other.

Section 3.06. *Notices of Meetings of Board of Directors.*

(a) **Regular Meetings.** No notice shall be required to be given of any regular meeting, unless the same is held at other than the place, date or time for holding such meeting as fixed in accordance with Section 3.03 of these By-Laws, in which event 48 hours' notice shall be given of the place and time of such meeting complying with Article 6 of these By-Laws.

(b) **Special Meetings.** Written notice stating the place, date and time of any special meeting of the Board of Directors shall be sufficient if given at least 48 hours, as provided in Article 6, in advance of the date and time fixed for the meeting.

Section 3.07. *Quorum; Action by the Board of Directors.* A majority of the Directors in office shall be necessary to constitute a quorum for the transaction of business and, subject to Article SIXTH of the Articles of Incorporation and these By-Laws, the acts of a majority of the Directors present and voting at a meeting at which a quorum is present shall be the acts of the Board of Directors. If there is no quorum present at a duly convened meeting of the Board of Directors, the majority of those present may adjourn the meeting from place to place and from time to time.

Section 3.08. *Informal Action by the Board of Directors.* Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if, prior or subsequent to the action, a written consent or consents thereto by all of the Directors in office is filed with the Secretary of the Corporation. In addition to other means of filing with the Secretary, insertion in the minute book of the Corporation shall be deemed filing with the Secretary regardless of whether the Secretary or some other authorized person has actual possession of the minute book. Written consents by all the Directors, executed pursuant to this Section 3.08, may be executed in any number of counterparts and shall be deemed effective as of the date set forth therein.

Section 3.09. *Committees.*

(a) **Establishment and Powers.** The Board of Directors of the Corporation may, by resolution adopted by a majority of the Directors in office, establish one or more committees to consist of one or more Directors of the Corporation. Any committee, to the extent provided in the applicable resolution of the Board of Directors or in the By-Laws, shall have and may exercise all of the powers and authority of the Board of Directors, except that a committee shall not have any power or authority as to the following:

(i) The submission to shareholders of any action requiring approval of shareholders under the Pennsylvania BCL.

(ii) The creation or filling of vacancies in the Board of Directors.

(iii) The adoption, amendment or repeal of the By-Laws.

(iv) The amendment or repeal of any resolution of the Board of Directors that by its terms is amendable or repealable only by the Board of Directors.

(v) Action on matters committed by the Articles of Incorporation, the By-Laws or resolution of the Board of Directors to another committee of the Board of Directors.

(b) **Alternate Members.** The Board of Directors may designate one or more Directors otherwise eligible to serve on a committee of the Board as alternate members of any committee who may replace any absent or disqualified member at any meeting of the committee or for the purpose of any written action by the committee. In the absence or disqualification of a member and alternate member or members of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another Director to act at the meeting in the place of the absent or disqualified member.

(c) **Term.** Each committee of the Board of Directors shall serve at the pleasure of the Board of Directors.

(d) **Status of Committee Action.** The term "**Board of Directors**" or "**Board**", when used in any provision of these By-Laws relating to the organization or procedures of or the manner of taking action by the Board of Directors, shall be construed to include and refer to any committee of the Board of Directors. Any provision of these By-Laws relating or referring to action to be taken by the Board of Directors or the procedure required therefor shall be satisfied by the taking of corresponding action by a committee of the Board of Directors to the extent authority to take the action has been delegated to the committee in accordance with this Section.