to the prospects of individual operators. Fitch believes that material change in regulatory rules is probable in 2007 and it is possible that these changes will result in variability of business prospects and competitive pressures for the industry. Pressures that have a significant negative affect on financial stability would be recognized by credit rating downgrades or Rating Outlook revisions.

The competitive impacts of technological change remained intense, as expected, in 2006 and this should continue in 2007. Cable multiple system operators **(MSOs)** have aggressively rolled-out digital telephony services using voice over Internet protocol (VoIP) technology that has increased retail access line erosion of incumbent local exchange carriers (ILECs). The scale of this erosion, which is expected to reach a total of approximately 6 million, representing cable telephony net additions in 2006 of more than 3 million, has increased with the widespread availability of cable telephony and its associated multi-service bundles. Fitch expects this trend to continue in 2007 as pent-up demand is satisfied and MSOs complete aggressive roll-out marketing plans in new service areas. Wireless substitution will remain an equally significant source of access line erosion in 2007 as it was in 2006, with an increasingly aggressive prepaid product focus.

Business revenues should be a source of strength in 2007 for telecommunications operators. Pricing pressure, associated with new higher bandwidth and more flexible data technologies, has been a challenge to producing material revenue growth in the enterprise space even though growth in demand continues. These pricing pressures have moderated to some degree in 2006 and this trend should continue in 2007 allowing enterprise to be a source of financial growth in the coming year. Economic strength has led to meaningful growth of the small and regional business customer environment, which is expected to continue in 2007.

The wireless industry experienced a slowing of both revenue and subscriber growth in 2006 and both these trends will continue in 2007. Beyond, competitive impacts on pricing and subscriber additions, the mix of post-paid and pre-paid subscribers is changing with pre-paid becoming an increasing percentage of the total customer mix. Through mid-06, prepaid and reseller subscribers represented approximately 13.1% of total subscribers in the U.S. compared to 12.5% and 10.6% at year-end 2005 and 2004, respectively. Pre-paid subscribers have a materially lower average revenue per user (ARPU) and higher churn rate compared to post-paid subscribers. Therefore, a continuing trend of the industry adding a greater number of prepaid customers will create greater negative pressure on ARPU and churn. While third-generation wireless technology offers advanced data rates, these will likely not fully offset the voice revenue pressures in the industry in 2007 which would create a slowing of financial growth in 2007.

Merger and acquisition activity has been strong in 2006 and should continue in 2007 with the focus on mid-tier and rural service provider consolidation. Changing business prospects, in part due to regulatory uncertainties, in these areas along with the recognized benefits of scale should produce more momentum for rural ILEC acquisition activity along with other mid-tier telecommunications operators in the carrier and data markets. Fitch believes the degree of acquisition activity will be closely linked to the regulatory and economic developments in the telecommunications sector in 2007.

From a recovery ratings perspective, which applies generally only to speculative-grade issuers, consolidation, economic stability and growing telecommunications service demand has led to a general strengthening of recovery values in the sector. This trend should continue in 2007, particularly if consolidation activity remains strong.

Wireline Outlook:

Wireline revenues continue to be pressured by access line erosion associated with wireless substitution, cable MSO telephony offerings, wholesale voice connections and high-speed data second line substitution. Total switched access line erosion has increased from approximately 5.3% in 2004 to approximately 6.5% in 2005 and is on pace to increase to approximately 6.8% in 2006. Looking more closely at the components of this erosion shows that retail access line erosion was approximately 5% in 2004 and then jumped to 7% in 2005 and will reach 8% in 2006. The large jump in retail access line erosion in 2005 is a combination of increased wireless substitution, the introduction of cable telephony and the requirement changes associated with unbundled network elements. The increase in 2006 is largely the result of the increased coverage of cable telephony and the success of that offering. Fitch believes that the percentage of erosion from wireless substitution will continue relatively constant, while second line substitution will fall as the total of those lines decreases, but that cable telephony will see increased success in 2007 resulting in aggregate industry retail access line erosion of greater than 8%. Business access lines have had a stable aggregate erosion rate of between 2.5%-3% since the beginning of 2005 and that this level will continue in the future. As a result, total aggregate access line erosion should approximate 7%-7.25% in 2007. Data revenues, a partial offset to access line erosion pressures, will grow in 2006 in the high single digit range due to strong digital subscriber line (DSL) additions. DSL net additions for 2006 will reach approximately 6 million, which would be a double digit increase from full year 2005 additions of approximately 5.1 million. DSL additions should again be strong in 2007, with an increase of approximately 6.6 million lines. Data revenues now represent approximately 33% of total wireline revenues and almost 20% of total consolidated revenues. In spite of stronger data growth, total wireline revenues will likely be flat, to slightly down, in 2007 when compared to 2006.

Aggregate ILEC margins should be flat to slightly down in 2007 due in part to the timing of synergies and integration expenses of the variety of acquisitions and mergers from the past couple years continues. Additionally, potential regulatory changes and spreading cable competition could have a greater impact on rural ILECs cash flow leading to lower margins for these operators. Furthermore, strategic, but costly, broadband and video deployments at AT&T and Verizon will add pressure to aggregate telecommunications margins. As a result, Fitch expects that wireline EBITDA could be flat to slightly down, on aggregate, for 2007.

Regional Bell Operating Companies (RBOC):

Fitch believes relatively stable ratings are in store in 2007 for the Regional Bell

Operating Companies (RBOCs). Both AT&T Inc. and Verizon Communications are expected to derive increased merger synergies from their respective acquisitions of AT&T Corp. and MCI, as integration efforts enter their second year, and integration costs decline. For AT&T, the completion of the BellSouth merger will be important, but the timing of the final approval from the FCC is uncertain as the agency has delayed the approval of the merger more than once already. Nevertheless, Fitch expects the merger ultimately to be approved. Positive aspects of the post-merger AT&T and Verizon include their diverse service offerings, strong wireless businesses and solid balance sheets. The principal negative characteristics of post-merger AT&T and Verizon, along with Qwest Communications International Inc. (Qwest) include the exposure of their consumer wireline businesses to ongoing wireless substitution and the rise of competition from cable MSOs which have virtually completed their voice service deployments. AT&T and Verizon are affected by the timing differences between the cable MSO telephony offerings, and the nascent stage of their own network-based video deployments. As a consequence of improving the competitive position of their networks, AT&T's and Verizon's re-investment levels remain high. Cash flows are expected to grow moderately for the AT&T and Verizon due to strong wireless results, and additional merger synergies. Qwest should also experience modest growth on continued expense reduction. Fitch does not expect the RBOCs to decrease debt levels in *2007.* AT&T's debt is expected to increase modestly, as the remaining *$7* billion-$8 billion of its $10 billion stock repurchase program is completed during *2007.* Verizon, having shed approximately $7 billion in debt through the spin-off of its directory business in the fourth quarter of 2006, is expected to maintain relatively flat debt levels, with ongoing leverage sustained modestly below recent historical levels. Qwest should reduce debt only as maturities occur, which should lead to a reduction of approximately $474 million in *2007.*

Rural Local Exchange Carriers (RLECs):

Fitch believes trends in the rural local exchange carrier (RLEC) segment and reliance on traditional sources of wireline revenue warrant a more negative outlook than for the industry as a whole. In 2007, heightened competitive forces raise the risk of weaker financial results, and an uncertain regulatory environment could also pose a problem. Rural carriers have a greater reliance on universal service funds and intercarrier compensation revenues, two sources of revenue that have been subject to protracted reform processes. Free cash flows for the RLEC sector are quite strong, however, surplus cash flows have generally been returned to equity holders in the form of dividends and share repurchases. Thus carriers have had relatively stable debt levels and minimal cash balances.

Wireless Outlook:

Overall, wireless sector fundamentals remained positive in *2006* due to steady subscriber penetration gains, improved churn and relatively stable ARPU with strong growth in data revenue moderately offsetting the voice ARPU pressure from lower-valued subscribers. The strength in the results was driven by the network integration efforts at Cingular and strong operational performance at Verizon Wireless. While industry gross additions should increase to the mid-single digits in *2006,* postpaid gross additions are on pace for a mid-single digit decline, while prepaid / reseller gross additions are expected to grow robustly in the 40% range as the subscriber mix changes due to the focus on the youth segment. Aggregate industry churn for the year should improve modestly to approximately 1.9%. Aggregate net additions will decrease in the mid-single digit range to approximately 21 million, a decrease of *2* million from the high point in *2005.* Postpaid net additions should decline in the mid-teen range, although partially offset by strong gains in the prepaid and reseller segment. Consequently, these operational measures will lead to solid growth in revenue and EBITDA in the low double digit range although growth slowed from a year ago when accounting for consolidation within the industry. For the fourth quarter of *2006,* data revenue should approach an annualized revenue stream of $17 billion compared with $10 billion a year ago. Margins are expected to improve by approximately *200* basis points to 33% largely driven by cost structure improvements at Cingular and increased scale in Verizon Wireless' operations.

Fitch expects gross additions will be slightly higher in 2007 with growing pressure on churn, causing aggregate net additions to decrease by approximately 4-5 million from 2006 to the 16-17 million range. Aggregate churn is expected to increase slightly in 2007 with some improvements in postpaid churn being more than offset by an increasing mix of higher churn, lower economic value users in the total subscriber base. With these trends and Sprint Nextel's operational issues, Fitch expects aggregate revenue growth to further slow in the upper single digit range as ARPU is somewhat pressured despite the growth expected in data revenue. Since Verizon Wireless, Cingular and Sprint Nextel Corp. have completed the majority of the nationwide deployments for wireless broadband data with code division multiple access (CDMA) evolution data optimized (EV-DO) or universal mobile telecommunications system (UMTS)/high-speed downlink packet access (HSDPA) technology, Fitch expects good prospects for continued data revenue growth, particularly as data plan price points fall and broader availability of different data handsets and applications increase the adoption rate. By the fourth quarter of 2007, data services could have an annualized run-rate of approximately $26 billion. While further integration efforts at Cingular and continued strong operating performance at Verizon Wireless will assist in improving EBITDA margins to approximately 35% in 2007, network build-outs beginning in late 2007 at T-Mobile and Sprint Nextel will likely pressure any additional improvement beyond 2007. In addition, given Sprint Nextel's recent weak performance, Fitch is concerned the subscriber trends coupled with the positive momentum generated by Verizon Wireless' strong results and Cingular's improved operational performance could exacerbate the challenges that Sprint Nextel faces in stabilizing its performance in light of their numerous operational issues.

-- ALLTEL Corp. ('A', Stable Outlook)
-- American Tower Corp. ('BB-', Positive Outlook)
-- AT&T Inc. ('A', Stable Outlook)
-- BCE Inc. ('BBB+', Stable Outlook)
-- BellSouth Corp. ('A', Stable Outlook)
-- Centennial Communications Corp. ('B-', Stable Outlook)
-- CenturyTel, Inc. ('BBB', Stable Outlook)

-- Cincinnati Bell, Inc. ('B+', Stable Outlook)

-- Citizens Communications ('BB', Stable Outlook)

-- Dobson Communications Corp. ('B-', Stable Outlook)

-- Embarq Corp. ('BBB-', Stable Outlook)

-- Level 3 Communications, Inc. ('CCC', Positive Outlook)

-- Qwest Communications International, Inc. ('BB', Stable Outlook)

-- Rogers Communications, Inc. ('BB', Positive Outlook)

-- Rural Cellular Corp. ('CCC', Stable Outlook)

-- Sprint Nextel Corp. ('BBB+', Negative Outlook)

-- Telecomunicaciones de Puerto Rico, Inc. ('BBB+', Stable Outlook)

-- Telephone & Data Systems, Inc. ('BBB+', Rating Watch Negative)

-- TELUS Corp. ('BBB+', Stable Outlook)

-- Verizon Communications ('A+', Stable Outlook)

-- Windstream Corp. ('BB+', Stable Outlook)

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LIGHT
, READING

Cable Racks Up Over ▮ Million VOIP Subs in Q2

SEPTEMBER 18, 2006

Shattering their old quarterly rewrd for VOIP subscriber gains, North American cable operators signed up more than 1 million IP phone customers for the first time during the spring, according to the latest figures compiled by *Cable* Digital News.

Using mainly the publicly reported figures of cable companies, CDN estimates that U.S. and Canadian MSOs collectively netted 1.03 million new VOIP customers in the second quarter of 2006, beating their first-quarter VOIP gains by about 100,000 subscribers. As a result, CDN reckons that the North American cable industry ended June with approximately 4.8 million *IP* phone customers, up from slightly less than 3.7 million customers at the close of the first quarter and slightly more than 2.7 million at the end of last year

The spring surge occurred even though the second quarter is traditionally the weakest three-month period of the year for the cable guys because of temporary service disconnects by college students and snowbirds leaving their homes for the summer. It came at the same time that **U.S.** and Canadian MSOs added about 1.18 million high-speed Internet access subscribers, suggesting that most new cable broadband data customers are also opting for broadband voice service.

The second-quarter totals mean that North American cable operators are now signing up an average of about 11,000 new customers a day for IP phone service, up from 9,900 customers per day in the first quarter. Although impressive, that's not too surprising given that all three of the biggest cable IP phone players Ð Time Warner Cable, Cablevision Systems, and Comcast Ð are now signing up close to 10,000 or more subscribers every week.

In addition, the latest figures mean that U.S. and Canadian MSOs, with 1.9 million new VOIP subscribers under their belts after the first half of the year, are well on their way **to** signing up close to **4** million phone customers this year. In a recent Cable *Industry* Insider report. Light Reading projected that cable operators would rack up at least 3.8 million VOIP subscribers this year and another ***5*** million next year, boosting the industry's grand total to 11.5 million.

Overall, the cable industry now counts more than 7 million telephony subscribers, *including* those using older, more traditional circuit-switched technology. Cox Communications and Comcast, with at least 2.3 million drcuit-switched phone customers between them, together account for nearly all of the non-VOIP subscribers

As several RBOCs have admitted in their recent quarterly earnings report, cable's gains are coming at least partly at the phone companies' expense. The phone industry's exact losses to cable have been hard to quantify though, because the wireless industry's growth is taking its toll on landiine connections at the same time.

In the latest market analyst report last month, for example, Primetrica noted that the five largest telcos Ð AT&T, Verizon, BellSouth, Qwest, and Embarq Ð collectively lost nearly 2.6 million switched access lines in the second quarter. But the fim didn't break down the losses between cable gains and wireless substitution.

As they have for the past two years, Time Warner and Cablevision wntinue to dominate the cable VOIP business, combining to add more than 355,000 phone subscribers in the second quarter. The two MSOs ended June with more than 2.6 million IP phone customers between them, still more than half of the entire industry total.

But. while Time Warner and Cablevision continue to lead the pack, other large MSOs are starting to make big strides in the VOIP market, too. In particular, Comcast and Charter Communications are now picking up speed after getting off to a relatively late start.

Plus, several large, slower-moving MSOs are finally entering the VOIP market. One laggard, CableOne, started rolling out service in May, while another, Insight Communications, plans to launch VOIP later this

Although it cooled off from its torrid pace at the start of the year, Time Warner easily maintained its position as the top cable VOIP provider by netting 234,000 new customers in the second quarter, down from its record-high total of 270.000 in the preceding quarter and 242,000 in the year-ago period. With the increase, the company raised its overall "Digital Phone" customer count **to 1.6** million, at least 600,000 customers higher than Cablevision, its closest cable rival.

Taking questions on the company's earnings call last month. Time Warner officials shrugged off analysts' concerns about the company's slight decline in VOIP sales growth. Defending the MSO's performance, Jeff Bewkes, chairman of the company's Entertainment & Networks Group, said "the second-quarter voice numbers are always seasonally down and have been most years." He also noted that Time Warner **is** seeing penetration levels of 15 to 20 percent in some of its older phone markets, such as Albany, Syracuse, and San Antonio.

Second-place Cablevision enlisted 122,234 VOIP subscribers in the spring quarter, boosting its Optimum Voice subscriber total to about 988.000. The MSO. which has since become the second cable operator to clear the 1 million-subscriber barrier, also raised its industry-leading VOIP penetration rate to 21.9 percent of homes passed in the New York metro area.

Picking up ground on both leaders, Comcast snared 306,000 VOIP subscribers in the quarter, up an impressive 45 percent from 211,000 in the preceding quarter. With the gain, the continent's largest MSO boosted its total IP phone customer count **to** 721,000, putting **it** in position to scale the 1 million customer mark by the fall. In his remarks during the company's second-quarter earnings call, Comcast COO Steve Burke said the MSO **is** now signing up about 23,000 VOIP subscribers per week, up from 16,000 per week in the ***first*** quarter and 10,000 per week last fall.

Tickled by the results, Comcast officials have hiked their VOIP signup goals **for** the year. They now expect to add **1.3** million to 1.4 million IP phone subscribers by year's end, up from their earlier projections of a cool 1 million subscribers.

Cox, the cable industry's biggest overall phone player with **1.8** million circuit-switched and VOIP subscribers, does not break down its customer totals by technology. But the privately owned MSO Ð which added an estimated 70,000 IP phone customers in the spring Ð is aggressively expanding its VOIP reach. The company introduced service in the Cleveland area in July and plans to roll out VOIP to its last four markets by early next year.

- Alan Breznick, Site Editor, Cable Digital ***News***

Cox Communications To Purchase Cable America's Arizona Cable Systems

Cox Communications, Inc., and Cable America Corporation today announced the signing of a definitive agreement for Cox's purchase of the Arizona operations of Cable America serving 35,000 basic subscribers. Financial details of the transaction were not disclosed. The sale is expected to be completed by mid-year.

The cable systems are contiguous to Cox's Arizona cable operation, which currently services more than 1 million customers in 37 communities in Phoenix and Southern Arizona. The agreement includes cable television systems in Mesa, Florence, Wickenburg, Queen Creek, Coolidge and Gila Bend, as well as Maricopa and Pinal Counties.

"This acquisition is an important step in building a strong and lasting presence in the Arizona market," said Claus Kroeger, Senior Vice President of Operations for Cox Communications. "By expanding our footprint, this transaction furthers Cox's strategy to consolidate into larger operations and enhance the rollout of a full bundle of broadband communication services to Arizona's growing communities."

CableAmerica Corporation has been operating the Arizona cable systems since 1982.

"CableAmerica has been proud to be able to offer its customers cable television and broadband services in Arizona over the past 25 years," said William G. Jackson, President of CableAmerica. "Our commitment to customer service helped us forge a successful business."

About CableAmerica (www.cableamerica.com)

Cable America Corporation is the nation's 40th largest cable television company and prides itself in offering superior customer service to its subscribers for over 35 years. The Company's cable systems pass approximately 130 thousand homes and provide services to over 75 thousand customers in 3 states. CableAmerica offers a wide array of broadband products and services, including traditional video services, digital television, high-speed Internet access and high definition television. More information about CableAmerica can be accessed on the Internet at: www.cableamerica.com

About Cox Communications (www.cox.com)

Cox Communications, a Fortune 500 company and wholly owned subsidiary of Cox Enterprises, Inc, is a multi-service broadband communications company with more than 6.6 million total customers, including more than 6.2 million basic cable subscribers (these numbers are an approximation as Cox continues to assess the effect of population loss in New Orleans in the wake of Hurricane Katrina). The nation's third-largest cable television provider, Cox offers analog cable television under the Cox Cable brand as well as advanced digital video service under the Cox Digital Cable brand. Cox provides an array of other communications and entertainment services, including local and long distance telephone under the Cox Digital Telephone brand; high-speed Internet access under the Cox High Speed Internet brand; and commercial voice and data services via Cox Business Services. Local cable advertising, promotional opportunities and production services are sold under the Cox Media brand. Cox is an investor in programming networks including Discovery Channel.

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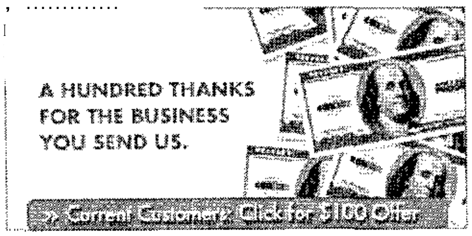

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- Private Line
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VOICE PRODUCTS & SERVICES:		>> Contact Sales
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Cox Digital Trunk	Cox Digital Trunk service provides reliable digital-quality voice transmission while securely connecting your business's PBX directly to the public switched telephone network. > View Details Product Data Sheet	Relevance by business size Small Medium Large
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Additional **Resources**

- Refer a **Business for** $100!
- Cox Business Internet User Guide
- Cox Diaita! Telephone User Guide
- Cox Voice Mail **User** Guide

- Critical Security

Cox Dedicated Long Distance and Toll Free	Cox Dedicated Long Distance and Dedicated Toll Free services provide your business with clear, high-quality phone communications with all the benefits of dedicated access, including lower rates, less Call blocking and plenty of call capacity. View Details Product Data Sheet	Relevance by business size Small Medium Large
Cox Private LineSM	Cox Private LineSM service is a SONET-bared. point-to-point private line network service that provides a clear, reliable high-speed connection for stand-aione or integrated voice, data, and video communications between locations. View Details Product Data Sheet	Relevance by business size Small Medium Large
DATA PRODUCTS & SERVICES		Contact Sales
Cox Business InternetSM	Cox Business InternetSM is a cost-effective and reliable broadband data solution that provides scalable, flexible options designed to meet the specific demands of your business. 1.5Mbps ⇩ 384Kbps ⇧ 3.0Mbps ⇩ 512Kbps ⇧ 6.0Mbps ⇩ 768Kbps ⇧ 10.0Mbps ⇩ 1.0Mbps ⇧ 10.0Mbps ⇩ 2.0Mbps ⇧ View Details Product Data Sheet Frequently Asked Questions	Relevance by business size Small Medium Large
Cox Optical InternetSM	Cox Optical InternetSM is the reliable and scalable high-speed Internet service that gives your business dedicated access to our network with flexible tiered bandwidth options scalable to OC-12 or higher. View Details Product Date Sheet	Relevance by business size Small Medium Large
Cox Web Hosting and Packages	Cox Web Hosting and Cox Web Hosting Packages allow your business to establish and maintain a professional and functional Web presence that is cost-effective and easily upgradable. View Details Product Data Sheet	Relevance by business size Small Medium Large
Cox Private LineSM	Cox Private LineSM service is a SONET-based, point-to-point private line network service that provides a clear. reliable high-speed connection for stand-alone or integrated voice, data. and video communications between locations. View Details Product Data Sheet	Relevance by business size Small Medium Large
Cox Transparent LAN	Cox Transparent LAN Service (TLS) will interconnect your LANs over our all-optical metro networks, giving your enterprise point-to-point connections between remote sites in a framework that's scalable, cost-effective and reliable. View Details Product Data Sheet	Relevance by business size Small Medium Large
Cox Virtual Private Network	Cox Virtual Private Network service is a fully managed, turnkey solution that gives employees in any location fast. secure access to your network and connects remote offices to a central network. View Details Product Data Sheet	Relevance by business size Small Medium Large
VIDEO PRODUCTS & SERVICES		Contact Sales

Cox Business Video	Cox Business Video service provides more than 100 channels of consistent, crystal clear digital cable television and Music Choice options for businesses of all types and sizes. View Details Product Data Sheet	Relevance by business size Small Medium Large
OTHER PRODUCTS & SERVICES		Contact Sales
Cox Carrier Access Service	Cox Carrier Access service is the ideal solution for secure and reliable connections to your stand-alone or integrated voice and data customers. View Details Product Data Sheet	Relevance by business size Small Medium Large
Cox Managed Solution Center	Arizona businesses can now take advantage of Cox Business Services' data center, strategically located away from the downtown Phoenix area anti other area data centers. The COX Managed Solution Center offers a secure. 24x7 guarded facility for business disaster recovery and storage services. The Cox Managed Solutions Center is connected by dual paths to cox's fiber-optic network, providing the utmost in reliability and access to all high-capacity services. Click here to learn more about the Cox Managed Solutions Center. ~~Product Data Sheet~~	Relevance by business size Small Medium Large
Cox Enterprise Connectivity	Cox Enterprise Connectivity is a robust. efficient and cost-effective 'communicationssolution for enterprises seeking to connect remote workers, customers and suppliers across the country. View Details Product Data Sheet	Relevance by business size ˜ma" Medium Large
Cox SmartBill®	~CoSmartBill® is an invoice analysis tool that conveniently tracks the details of your company's telecommunications usage. View Details Product Data Sheet	Relevance by business size Small Medium Large
CoxSmart Commercial Building Program	If you're a commercial builder, developer or property manager, you can't get more advanced technology than in a CoxSmart Commercial Building. To find out how our robust communications network gives you a clear advantage in the marketplace, click here: View Details Product Data Sheet	Relevance by business size Small Medium Large

*Services and features not available in all areas. Other restrictions may apply.

COX Communications Announces Fourth Quarter and Full-Year Financial Results for 2005

ATLANTA--(BUSINESS WIRE)--March 28, 2006--Cox Communications, Inc. today reported financial results for the three months and year ended December 31, 2005.

"Cox employees delivered another year of outstanding results, including significant growth in each of our core product categories," said Patrick Esser, president. "I am particularly proud that Cox continued to demonstrate the power of the bundle, by growing total bundled customers nearly 20% and increasing 'triple play' subscribers (video, voice and internet) more than 40%."Spurred by the success of advanced video services, we succeeded in deepening our video relationships, increasing digital penetration by nearly five percentage points.

"Cox High Speed Internet (CHSI) continues to set the bar in our markets, with 7 out of 10 broadband customers using CHSI rather than DSL. In 2005, CHSI again received J.D. Power and Associates' Highest Honor in Customer Satisfaction among High-speed Internet Service Providers and PC Magazine's Readers' Choice Award.

"Cox remains the nation's largest cable telephone company, with nearly 1.7 million Cox Digital Telephone customers. The performance and value of Cox Digital Telephone is evident in the popularity of the three-product bundle, and is key to our success with commercial services. We concluded 2005 with Cox Business Services serving more than 160,000 customers and year-over-year revenue growth of 20%."

DISCONTINUED OPERATIONS and ASSETS HELD FOR SALE

In October 2005, Cox and Cebridge Acquisition Co. LLC (Cebridge) entered into a definitive asset purchase agreement, pursuant to which Cox has agreed to sell cable television systems with approximately 940,000 basic cable subscribers for approximately $2.55 billion in cash. Cox expects to consummate this transaction during the second quarter of 2006.

The cable television systems being sold include certain of Cox's Middle America systems, primarily comprised of operations in Texas, Louisiana, Arkansas, Oklahoma, Mississippi and Missouri (Sale MAC), all of Cox's West Texas systems, all of Cox's North Carolina systems, all of Cox's Humboldt and Bakersfield, California systems and all of Cox's Greater Oklahoma systems (collectively referred to as the "Sale Systems"). Sale Systems other than Sale MAC are referred to as the "Discontinued Operations Systems."

For accounting purposes, Cox has determined that each Sale System represents a disposal group. Consistent with the provisions of Statement of Financial Accounting Standards (SFAS) No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, Cox has classified the Sale Systems' assets and liabilities that are subject to transfer under the definitive agreement with Cebridge as "held for sale" at December 31, 2005 and 2004. Additionally, Cox has determined that the Discontinued Operations Systems comprise operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of Cox. Accordingly, the results of operations for Sale MAC are included within continuing operations within the consolidated financial information presented for both the three-month and twelve-month periods ended December 31, 2005 and 2004, and the results of operations for all of the Discontinued Operations Systems have been presented as discontinued operations, net of tax, for the three-month and twelve-month periods ended December 31, 2005 and 2004. In addition, the results of operations for the Discontinued Operations Systems for 2004 presented herein have been reclassified to conform to the current year presentation. Revenues attributable to Sale MAC for the fourth quarters of 2005 and 2004 were approximately $94.2 million and $90.6 million, respectively, and for the years ended December 31, 2005 and 2004 were approximately $366.9 million and $355.3 million, respectively. As of October 31, 2005, Cox determined that the estimated fair value less costs to sell attributable to the Sale Systems was in excess of the carrying value of their related net assets held for sale.

The Consolidated Statements of Cash Flows, the Reconciliation of Free Cash Flow to Cash Provided by Operating Activities, Customer Data in the Summary of Operating Statistics and the Free Cash Flow Calculation include results of the Sale Systems and therefore, reflect the results of the whole company for the periods presented.

FOURTH QUARTER HIGHLIGHTS

For the fourth quarter of 2005, Cox:

- Ended the year with more than 13.8 million RGUs, reflecting year-over-year growth of approximately 10%.
- Ended the year with more than 3.3 million bundled customers, reflecting approximately 20% year-over-year growth in the number of customers subscribing to more than one core service from Cox.
- Ended the year with more than 3.1 million Cox High Speed Internet subscribers and increased company-wide penetration within serviceable homes to nearly 30%.
- Ended the year with nearly 1.7 million Cox Digital Telephone subscribers.
- Generated $763.8 million in net cash provided by operating activities and $312.2 million in free cash flow (net cash provided by operating activities less capital expenditures).
- Generated 9% and 10% revenue growth during the quarter and twelve months ended December 31,2005, respectively, compared with the same periods in 2004.
- Generated operating income from continuing operations of $248.7 million, as compared to a *$2.0* billion operating loss in the comparable period of 2004, and 11% operating cash flow (operating income before depreciation, amortization, impairment charges and loss on sale of cable systems) growth, during the quarter ended December 31, 2005 and operating income from continuing operations of $736.5 million and 14% operating cash flow growth during the year ended December 31,2005, compared with the same periods in 2004.

OPERATING RESULTS

Three months ended December 31,2005 compared with the three months ended December 31,2004

Total revenues for the fourth quarter of 2005 were $1.7 billion, an increase of 9% over the fourth quarter of 2004. This was primarily due to growth in advanced-service subscriptions (which include digital cable, high-speed Internet access and telephony) and higher basic cable rates.

Cost of services, which includes programming costs, other direct costs and field service costs, was $678.8 million for the fourth quarter of 2005, an increase of 8% over the same period in 2004. Programming costs increased 7% to $328.6 million, primarily reflecting rate increases. Other direct costs and field service costs in the aggregate increased 9% to $350.2 million, primarily resulting from growth in total RGUs over the last twelve months, additional labor costs due to maintenance and increased fuel costs during the period

Selling, general and administrative expenses were $399.9 million for the fourth quarter of 2005, a 7% increase over the comparable period in 2004. General and administrative expenses increased 8% to $311.9 million, primarily due to increased compensation expense from certain long-term compensation plans adopted during 2005. Marketing costs increased 5% primarily due to the launch of new services.

Operating income increased to $248.7 million for the fourth quarter of 2005 from an operating loss in 2004, and operating cash flow increased 11% to $654.2 million compared to the same period in 2004. Operating income (loss) margin (operating income as a percentage of revenues) for the fourth quarter of 2005 was 14% compared to (130%) for the fourth quarter of 2004. Operating cash flow margin (operating cash flow as a percentage of revenues) was 38% for the fourth quarter of 2005 and 37% for the fourth quarter 2004.

Depreciation and amortization decreased to $405.5 million from $417.5 million for the fourth quarter of 2005. The decrease in depreciation and amortization expense is due to the discontinuation of depreciation and amortization of the property, plant and equipment and finite-lived intangible assets of Sale MAC based on their designation as assets held for sale effective as of the date of the definitive asset purchase agreement with Cebridge.

In September 2004, the SEC announced, through EITF Topic No. D-108, Use of the Residual Method to Value Acquired Assets Other Than Goodwill, that a direct value method should be used to determine the fair value *of* all intangible assets required to be recognized under SFAS No. 141, and that registrants should apply a direct value method to such assets acquired in business combinations completed after September 29, 2004. Further, registrants who had applied the residual method to the valuation of indefinite-lived intangible assets for purposes of impairment testing were required to perform a transitional impairment test using a direct value method on all indefinite-lived intangible assets that had been previously valued using the residual method under SFAS No. 142, Goodwill and Other Intangible Assets, no later than the beginning of their first fiscal year beginning afler December 15,2004. Impairments of intangible assets recognized upon application of a direct value method by entities that had previously applied the residual method, including the related deferred tax effects, were required to be reported as a cumulative effect of a change in accounting principle.

Consistent with EITF Topic No. D-108, Cox began applying a direct value method to determine the fair value of its indefinite-lived intangible assets comprised of cable franchise rights, acquired prior to September 29, 2004. During the fourth quarter of 2004, Cox performed a transitional impairment test, which resulted in a charge to franchise value of approximately $2.0 billion ($1.2 billion, net of tax), which is reported within Cumulative effect of change in accounting principle, net of tax, in the accompanying consolidated statements of operations.

Also during the fourth quarter 2004, Cox revised its marketplace assumption surrounding its estimated cost of capital as a result of the going-private transaction. Accordingly, in accordance with SFAS No. 142 and SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, respectively, Cox performed an impairment test of its long-lived assets and indefinite-lived intangible assets. The interim impairment test was necessary due to the revised estimated cost of capital as well as a revision in Cox's long-range operating forecast. As a result of the impairment test, Cox recognized a pre-tax impairment charge of approximately $2.4 billion related to its franchise value, as calculated using a direct value method. Approximately $2.2 billion of this impairment charge is reflected as Impairment of intangible assets within the accompanying consolidated statements of operations and approximately $179.9 million is reflected within Discontinued operations, net of tax, within the accompanying consolidated statements of operations.

Interest expense increased 33% to $185.1 million primarily due to increased outstanding indebtedness inucrred to consummate the December 2004 going-private transaction.

Discontinued operations, net of tax, was $13.3 million compared to $(102.8) million for the comparable period of 2004. The net loss in 2004 was primarily due to the pretax, noncash impairment charge of $179.9 million related to impairments of Cox's indefinite-lived cable franchise value intangible asset, as determined in accordance with SFAS NO. 142.

Twelve months ended December 31,2005 compared with the twelve months ended December 31,2004

Total revenues for the year ended December 31,2005 were $6.7 billion, an increase of 10% over the year ended December 31, 2004. This was primarily due to growth in advanced-service subscriptions (which include digital cable, high-speed Internet access and telephony) and higher basic cable rates. An increase in Cox Business Services customers also contributed to overall revenue growth.

Cost of services was $2.7 billion for the year ended December 31,2005, an increase of 8% over the same period in 2004. Programming costs increased 9% to $1.3 billion, primarily reflecting rate increases. Other direct costs and field service costs in the aggregate increased 7% to $1.4 billion, primarily resulting from growth in total RGUs over the last twelve months, additional labor costs due to maintenance, and increased fuel costs during the third and fourth quarters of 2005.

Selling, general and administrative expenses were $1.5 billion for the year ended December 31, 2005, an increase of 8% over the comparable period in 2004. General and administrative expenses increased 7% to $1.1 billion, primarily due to increased compensation expense from certain long-term compensation plans adopted during 2005. Marketing costs increased 8% to $348.0 million, primarily related to the launch of new services, coupled with a 9% increase in costs associated with Cox Media, Cox's advertising sales business.

Operating income increased to $736.5 million for the year ended December, 2005, and operating cash flow increased 14% to $2.6 billion, compared to the same period in 2004. Operating income margin for the year ended December 31,2005 was 11%, compared to (25%) for the same period in 2004. Operating cash flow margin for the year ended December 31,2005 was 38%, compared to 37% for the same period in 2004.

Depreciation and amortization increased to $1.7 billion from $1.5 billion for the year ended December 31, 2005.

This was primarily due to the amortization of finite-lived intangible assets that resulted from the push-down basis accounting applied pursuant to the December 2004 going-private transaction.

In August 2005, Cox completed its annual impairment test of its indefinite-lived intangible assets and goodwill in accordance with SFAS No. 142. The test resulted in a pre-tax non-cash impairment charge of franchise value for certain cable systems of approximately $104.2 million, which is classified within Discontinued operations, net of tax, in the accompanying consolidated statements of operations.

As a result of entering into the definitive agreement with Cebridge to sell the Sale Systems, as discussed under Discontinued Operations and Assets Held for Sale above, Cox performed an interim impairment test of the Systems' long-lived assets, indefinite-lived intangible assets and goodwill based on the anticipated selling price of approximately $2.55 billion, as prescribed by SFAS No. 142 and SFAS No. 144. This interim impairment test resulted in a pre-tax impairment charge of franchise value for certain cable systems of approximately $509.9 million. Approximately $181.9 million of this impairment charge is reflected as Impairment of intangible assets within the accompanying consolidated statements of operations and approximately $328.0 million is reflected within Discontinued operations, net of tax within the accompanying consolidated statements of operations.

During the year ended December 31, 2004, Cox recorded a $5.0 million pre-tax loss on the sale of certain small, non-clustered cable systems in Oklahoma, Kansas, Texas and Arkansas, which in the aggregate consisted of approximately 53,000 basic cable subscribers.

Interest expense increased 63% to 5697.4 million primarily due to increased outstanding indebtedness to consummate the December 2004 going-private transaction.

Net loss on investments of $9.5 million for the year ended December 31, 2005 was due to pre-tax declines considered to be other than temporary in the fair value of certain investments.

Net gain on investments for the comparable period in 2004 of $28.4 million was primarily due to:

- $19.5 million pre-tax gain on the sale of 0.1 million shares of Sprint PCS preferred stock;
- $7.3 million pre-tax gain on the sale of certain other non-strategic investments; and
- $2.3 million pre-tax gain on the sale of all remaining shares of Sprint stock then held by Cox.

During the year ended December 31, 2005, Cox recorded a $13.0 million pre-tax loss on extinguishment of debt due to the redemption of $62.3 million original principal amount at maturity of its exchangeable subordinated discount debentures due 2020 (Discount Debentures) for aggregate cash consideration of $32.5 million, which represented all remaining outstanding Discount Debentures. During the year ended December 31, 2004, Cox recorded a $7.0 million pre-tax loss on extinguishment of debt due to the redemption of $14.6 million aggregate principal amount of Cox's exchangeable subordinated debentures due 2029 (PRIZES) and $0.1 million aggregate principal amount of Cox's 3% exchangeable subordinated debentures due 2030 (Premium PHONES), which represented all remaining outstanding PRIZES and Premium PHONES. As a result of these redemptions, Cox no longer has any outstanding exchangeable subordinated debentures.

Income tax expense from continuing operations was $13.5 million for the year ended December 31,2005 compared to an income tax benefit of $866.3 million for the comparable period in 2004. This change was primarily due to the change in pre-tax income, varying effective state tax rates across Cox's operations between 2004 and 2005, and the effect of on-going inwme tax audits. The effective tax rate for 2005 was 67.3% compared to 44.5% for 2004. The tax expense in 2005 reflects an effective income tax rate significantly higher than the federal statutory rate due in part to the impact of adjustments and settlements and the relatively nominal pre-tax income.

Discontinued operations, net of tax, was a loss of $230.6 million and $80.0 million for the year ended December 31, 2005 and 2004, respectively. The increased net loss was primarily due to the 2005 pre-tax, noncash impairment charges of $432.2 million related to impairments of Cox's indefinite-lived cable franchise value intangible asset, as determined in accordance with SFAS No. 142.

LIQUIDITY AND CAPITAL RESOURCES

Cox has included Consolidated Statements of Cash Flows for the twelve months ended December 31, 2005 and 2004 as a means of providing more detail regarding the liquidity and capital resources discussion below. In addition, Cox has included a calculation of free cash flow in the Summary of Operating Statistics to provide additional detail regarding a measure of liquidity that Cox believes will be useful to investors in evaluating Cox's financial performance. For further details, please refer to the Summary of Operating Statistics and discussion under the heading Use of Operating Cash Flow and Free Cash Flow.

Significant sources of cash for the twelve months ended December 31, 2005 consisted primarily of the following:

- the generation of net cash provided by operating activities of approximately $2.0 billion;
- net credit facility borrowings of $350.0 million; and
- net commercial paper borrowings of $119.3 million.

Significant uses of cash for the twelve months ended December 31, 2005 consisted of the following:

- capital expenditures of $1.5 billion;
- contributions of $45.0 million to TV Works, LLC (formerly known as Double C Technologies, LLC), an entity in which Cox holds a 33% ownership interest;
- the repayment of Cox's $375.0 million aggregate principal amount 6.9% notes due June 15, 2005 upon their maturity;
- the purchase of $62.3 million original principal amount at maturity of Discount Debentures, which represented all remaining outstanding Discount Debentures, for aggregate cash consideration of $32.5 million; and
- payments to acquire Cox's former public stock that was converted into the right to receive cash as part of the December 2004 going-private transaction of approximately $474.5 million, with such payments being made as holders of the former public stock surrendered their certificates and otherwise claimed their going-private merger consideration.

USE OF OPERATING CASH FLOW AND FREE CASH FLOW

Operating cash flow and free cash flow are not measures of performance calculated in accordance with accounting principles generally accepted in the United States (GAAP). Operating cash flow is defined as operating income (loss) before depreciation, amortization, impairment charges and loss on sale of cable systems. Free cash flow is defined as cash flows provided by operating activities less capital expenditures.

Cox's management believes that presentation of these measures provides useful information to investors regarding Cox's financial position and results of operations. Cox believes that operating cash flow and free cash flow are useful to investors in evaluating its performance because they are commonly used financial analysis tools for measuring and comparing media companies in several areas of liquidity, operating performance and leverage. Both operating cash flow and free cash flow are used to gauge Cox's ability to service long-term debt and other fixed obligations and to fund continued growth with internally generated funds. In addition, management uses operating cash flow to monitor compliance with certain financial covenants in Cox's credit agreements, and it is used as a factor in determining executive compensation.

Operating cash flow and free cash flow should not be considered as alternatives to net income as indicators of Cox's aggregate performance, or as alternatives to net cash provided by operating activities as measures of liquidity, and may not be comparable to similarly titled measures used by other companies. Reconciliations of these non-GAAP measures to the most comparable GAAP measures on an historical basis are presented under the headings Reconciliation of Operating Cash Flow to Operating Income and Reconciliation of Free Cash Flow to Cash Provided by Operating Activities in the attached financial tables.

Caution Concerning Forward-Looking Statements

Statements in this release, including statements relating to growth opportunities, revenue and cash flow projections and introduction of new products and services, are "forward-looking statements," as defined by the Private Securities Litigation Reform Act of 1995. These statements relate to Cox's future plans, earnings, objectives, expectations, performance and similar projections, as well as any facts or assumptions underlying these statements or projections. Actual results may differ materially from the results expressed or implied in these forward-looking statements, due to various risks, uncertainties or other factors. These factors include our ability to collect on insurance policies covering our New Orleans systems and the ability to rebuild our cable plant and subscriber base in the impacted areas, competition within the broadband communications industry, our ability to achieve continued subscriber and revenue growth, our success in implementing new services and other operating initiatives, our ability to generate sufficient cash flow to meet our debt service obligations and finance operations, and other risk factors described in Cox's filings with the Securities and Exchange Commission, including Cox's Annual Report on Form 10-K for the year ended December 31, 2005. Cox no longer has any securities registered under the Securities Exchange Act of 1934 and has suspended filing periodic reports with the Securities and Exchange Commission. Cox assumes no responsibility to update any forward-looking statements as a result of new information, future events or otherwise.

About Cox Communications

Cox Communications, a Fortune 500 company, is a multi-service broadband communications and entertainment company with more than 6.7 million total customers. Cox is the nation's third-largest cable television provider and offers an array of advanced digital video, high-speed Internet and telephony services over its own nationwide IP network. Cox Communications is a full-service, facilities-based provider of communications solutions for commercial customers, providing high-speed Internet, voice and long-distance services, as well as data and video transport services for small to large-sized businesses via Cox Business Services. Cox Media offers national and local cable advertising in traditional spot and new media formats, along with promotional opportunities and production services. More information about the services of Cox Communications, a wholly owned subsidiary of Cox Enterprises, is available at www.cox.com, www.coxbusiness.com, and www.coxmedia.com.

COX Communications, Inc.
Consolidated Statements of Operations
(Unaudited)
(Thousands of Dollars)

	Three Months Ended December 31		
	2005	2004	Change
Revenues	$ 1,732,927	1,589,507	9%
Costs and expenses			
Cost of services (excluding depreciation and amortization)	678,788	629,361	8%
Selling, general and administrative expenses (excluding depreciation and amortization)	399,934	372,684	7%
Total costs and expenses	1,078,722	1,002,045	8%
Operating cash flow	654,205	587,462	11%
Depreciation and amortization	405,536	417,503	(3%)
Impairment of intangible assets	-	2,235,973	(100%)
Operating income (loss)	248,669	(2,066,014)	112%
Interest expense	(185,101)	(139,674)	33%
Loss on derivative instruments, net	-	(30)	(100%)
(Loss) gain on investments, net	(420)	(567)	(26%)
Other, net	518	(5,715)	(109%)
Income (loss) from continuing operations before income taxes, minority interest and equity in net losses of affiliated companies	63,666	(2,212,000)	103%
Income tax (expense) benefit	(300)	989,494	(100%)
Equity in net losses of affiliated companies, net of tax of $1,252 and $1,632, respectively	(2,431)	(2,184)	11%
Income (loss) from continuing			

operations	60,935	(1,224,690)	105%
Income (loss) from discontinued operations	21,626	(167,224)	113%
Income tax (expense) benefit	(8,336)	64,454	(113%)
Discontinued operations, net of tax	13,290	(102,770)	113%
Income (loss) before cumulative effect of change in accounting principle	74,225	(1,327,460)	106%
Cumulative effect of change in accounting principle, net of tax of $813,130		(1,210,190)	100%
Net *(loss)* income	$ 74,225	$ (2,537,650)	103%

	Twelve Months Ended December 31		
	2005	2004	Change
Revenues	$ 6,722,293	$ 6,106,105	10%
Costs and expenses			
Cost of services (excluding depreciation and amortization)	2,672,873	2,482,149	8%
Selling, general and administrative expenses (excluding depreciation and amortization)	1,467,982	1,365,256	8%
Total costs and expenses	4,140,855	3,847,405	8%
Operating cash **flow**	2,581,438	2,258,700	14%
Depreciation and amortization	1,663,037	1,548,160	7%
Impairment of intangible assets	181,896	2,235,973	(92%)
Loss on sale of cable systems		5,021	(100%)
Operating income (loss)	736,505	(1,530,454)	148%
Interest expense	(697,436)	(428,556)	63%
Loss on derivative instruments, net	(74)	(127)	(42%)
(Loss) gain on investments, net	(9,547)	28,364	(134%)
Loss on extinguishment of debt	(13,019)	(7,006)	86%
Other, net	3,631	(8,903)	(141%)
Income (loss) from continuing operations before income taxes, minority interest and equity in net losses of affiliated companies	20,060	(1,946,682)	101%
Income tax (expense) benefit	(13,492)	866,316	(102%)
Minority interest, net of tax	-	(1,203)	(100%)
Equity in net losses of affiliated companies, net of tax of $4,349 and $2,073, respectively	(6,689)	(3,509)	91%
Income (loss) from continuing operations	(121)	(1,085,078)	100%
Income **(loss)** from discontinued			

operations	(375,248)	(130,231)	(188%)
Income tax (expense) benefit	144,693	50,194	188%
Discontinued operations, net of tax	(230,555)	(80,037)	(188%)
Income (loss) before cumulative effect of change in accounting principle	(230,676)	(1,165,115)	80%
Cumulative effect of change in accounting principle, net of tax of $813,130		(1,210,190)	100%
Net **(loss)** income	$ (230,676)	$ (2,375,305)	90%

Cox Communications, Inc.
Consolidated Ralance Sheets
(Unaudited)
(Thousands of Dollars)

	December 31 2005	December 31 2004
Assets		
Current assets		
Cash	$ 81,132	$ 76,339
Accounts and notes receivable, less allowance for doubtful accounts of $23,675 and $24,461	417,407	363,310
Amounts due from CEI	18,784	-
Other current assets	192,835	127,010
Assets held for sale	2,474,872	2,965,787
Total current assets	3,185,030	3,532,446
Net plant and equipment	6,739,624	7,043,401
Investments	1,273,054	1,171,647
Intangible assets	17,044,193	17,315,361
Goodwill	75,621	96,657
Other noncurrent assets	60,213	94,229
Total assets	$28,377,735	$29,253,741
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued expenses	$ 906,341	$ 759,374
Other current liabilities	348,291	319,275
Cash obligation to untendered shareholders	9,152	483,603
Current portion of long-term debt	45,453	51,581
Amounts due to CEI	-	5,573
Liabilities related to assets held for sale	107,573	95,017
Total current liabilities	1,416,810	1,714,423
Deferred income taxes	7,900,343	8,326,574
Other noncurrent liabilities	187,610	148,050
Long-term debt, less current portion	12,971,821	12,938,466

Total liabilities	22,476,584	23,127,513
Shareholders' equity		
Class A common stock, $0.01 par value; 671,000,000 shares authorized; shares issued and outstanding: 556,170,238	5,562	5,562
Class C common stock, $0.01 par value; 62,000,000 shares authorized; shares issued and outstanding: 27,597,792	276	276
Additional paid-in capital	4,807,720	4,802,117
Retained earnings	1,087,542	1,318,218
Accumulated other comprehensive income	51	55
Total shareholders' equity	5,901,151	6,126,228
Total liabilities and shareholders' equity	$28,377,735	$29,253,741

Cox Communications, Inc.
Consolidated Statements of Cash Flows
(unaudited)
(Thousands of Dollars)

	For The Year Ended December 31, 2005	2004
Cash flows from operating activities		
Net loss	$ (230,676)	$(2,375,305)
Adjustments to reconcile net (loss! income to net cash provided by operating activities:		
Depreciation and amortization	1,741,380	1,627,064
Impairment of intangible assets	614,111	2,415,889
Loss on sale of cable system	-	5,021
Deferred income taxes	(241,226)	(827,650)
Loss on derivative instruments, net	74	127
Loss on extinguishment of debt	13,019	7,006
Loss (gain) on investments, net	9,541	(28,364)
Minority interest, net of tax		1,203
Equity in net losses of affiliated companies, net of tax	6,689	3,509
Other, net	(3,363)	(994)
Cumulative effect of change in accounting principle	-	1,210,190
Increase in accounts and notes receivable	(56,761)	(14,661)
(Increase1 decrease in other assets	(47,627)	532
Increase in accounts payable and accrued expenses	201,727	54,247
Increase (decrease) in taxes payable	39,419	(68,729)
Decrease in other liabilities	(47,497)	(30,569)
Net cash provided by operating activities	1,998,816	1,978,516
Cash flows from investing activities		
Capital expenditures	(1,478,617)	(1,389,931)

Investments in affiliated companies	(45,932)	(17,805)
Proceeds from the sale and exchange of investments	-	70,230
Increase in amounts due to CEI	(18,784)	
Proceeds from the sale of cable systems		53,076
Acquisition of minority interest	-	(153,016)
Other, net	47,548	43,813
Net cash used in investing activities	(1,495,785)	(1,393,633)
Cash flows from financing activities		
Revolving credit facilities borrowings, net	350,000	1,650,000
Commercial paper borrowings, net	119,348	(209,228)
Proceeds from issuance of debt, net of debt issuance costs	-	7,968,724
Repayment of debt	(491,593)	(3,566,148)
Payments to acquire Cox's former public stock	(474,451)	(6,422,908)
Proceeds from exercise of stock options		5,219
(Decrease) increase in amounts due to CEI	(5,573)	1,593
Other, net	4,031	(19,637)
Net cash used in financing activities	(498,238)	(592,385)
Net increase (decrease) in cash	4,793	(7,502)
Cash at beginning of period	76,339	83,841
Cash at end of period	$ 81,132	$ 76,339

Cox Communications, Inc.
Reconciliation of Operating Cash Flow to Operating Income
(Unaudited)
(Thousands of Dollars)

	Three Months Ended December 31		Twelve Months Ended December 31	
	2005	2004	2005	2004
Operating cash flow	$ 654,205	$ 587,462	$ 2,581,438	$ 2,258,700
Depreciation and amortization	(405,536)	(417,503)	(1,663,037)	(1,548,160)
Impairment of intangible assets	--	(2,235,973)	(181,896)	(2,235,973)
Loss on sale of cable system	--	--	--	(5,021)
Operating income (loss)	$ 248,669	$(2,066,014)	$ 736,505	$(1,530,454)

Cox Communications, Inc.
Reconciliation of Free Cash Flow to Cash Provided by Operating Activities
(Unaudited)
(Thousands of Dollars)

	Three Months Ended December 31		Twelve Months Ended December 31	
	2005	2004	2005	2004
Free cash flow	$ 312,189	173,596	$ 520,199	$ 588,585
Capital expenditures	451,616	381,186	1,478,617	1,389,931
Net cash provided by operating activities	$ 763,805	554,782	$ 1,998,816	$ 1,978,516

cox Communications, Inc.
Summary of Operating Statistics

Customer Data

	December 2005 (a) (b)	December 2004
Customer Relationships		
Basic Video Customers (c)	6,300,432	6,287,395
Non-Video Customers (d)	446,573	348,825
Total Customer Relationships (e)	6,741,005	6,636,220
Revenue Generating Units		
Basic Video Customers (c)	6,300,432	6,287,395
Advanced Services	7,531,110	6,286,827
Total Revenue Generating Units	13,831,542	12,574,222
Video Homes Passed	10,788,522	10,567,166
Basic Video Penetration	58.4%	59.5%

Cox Digital Cable

	December 2005 (a) (b)	December 2004
Digital Cable Ready Homes Passed	10,715,294	10,494,634
Customers	2,704,161	2,410,216
Penetration of customers to Basic Video Customers	42.9%	38.3%

High-speed Internet Access

	December 2005 (a) (b)	December 2004
High-speed Internet Access Ready Homes Passed	10,697,174	10,466,947
Customers	3,143,313	2,571,246
Penetration of Customers to High-speed Internet Access Ready Homes Passed	29.4%	24.6%

Cox Digital Telephone

	December 2005 (a) (b)	December 2004
Telephony Ready Homes Passed	7,875,402	6,537,968
Customers	1,683,636	1,305,365
Penetration of Customers to Telephony Ready Homes Passed	21.4%	20.0%

Bundled Customers

	December 2005 (a) (b)	December 2004
Customers subscribing to two or more services	3,325,306	2,777,588
Penetration of Bundled Customers to Basic Video Customers	52.8%	44.2%

Cox Communications, Inc.
Summary of Operating
Statistics - Continued

Comparative Operating Statistics

	Three Months Ended December 2005	Three Months Ended December 2004	Twelve Months Ended December 2005	Twelve Months Ended December 2004
Operating Cash Flow Margin	37.8%	37.0%	38.4%	37.0%
Capital Expenditures (thousands of dollars)	$451,616	$381,186	$1,478,617	$1,389,931
Operating Cash Flow per Basic Video Customer (f)	103.83	93.43	409.72	359.24
Capital Expenditures per Basic Video Customer (g)	71.68	60.63	234.69	221.07

Free Cash Flow Calculation (h)

	Three Months Ended December 2005	Three Months Ended December 2004	Twelve Months Ended December 2005	Twelve Months Ended December 2004
	(Thousands of Dollars)			
Operating cash **flow** (h)	$690,384	$619,858	$2,717,487	$2,387,811
Less capital expenditures	(451,616)	(381,186)	(1,478,617)	(1,389,931)
Plus cash increase (decrease) in working capital (i)	180.592	2,183	14,614	(49,868)
Operating free cash flow	419,360	240,855	1,253,484	948,012
Less cash paid for interest	(206,431)	(120,075)	(661,023)	(379,090)
Less cash paid for taxes	99,261	52,816	(72,262)	19,663
Free cash flow (h)	$312,190	$173,596	$520,199	$588,585