



Comcast Reports Second Quarter 2006 Results

- **Highest level of second quarter RGU additions in Comcast history**
- **Record additions fuel 14% growth in cable Operating Cash Flow and 11% growth in cable revenue**
- **Strong first half of 2006 drives increase in outlook for the year**

Brian L. Roberts, Chairman and CEO of Comcast Corporation said, "Record results for the 2nd quarter highlight the continued strength of our business and the power of our connection to our customers. This terrific performance included another quarter of double-digit revenue and Operating Cash Flow growth and the highest level of second quarter RGU additions in the Company's history. In particular, the rapid growth of Comcast Digital Voice demonstrates its massive appeal - and we are just getting started. As we continue to roll out our triple play offer, we are now more confident than ever that it represents a meaningful engine for growth and a significant advantage over our competition."

"Overall, these results demonstrate that our strategy of delivering superior products and services to our customers is working. With a strong first half behind us, and significant momentum propelling us forward, we see our growth accelerating and are extremely optimistic about the remainder of 2006. This outlook is reflected in the increase in our 2006 guidance."

Cable Segment Results(2)

Revenue increased 11% to \$5.9 billion in the second quarter of 2006 reflecting strong growth in each of our services driven by record setting RGU additions.

Revenue generating units (RGUs)(3) increased 816,000 in the second quarter of 2006, a 61% increase from the prior year. Comcast ended the second quarter of 2006 with 43.2 million RGUs, an increase of 3.3 million units from one year ago.

Operating Cash Flow (as defined in Table 7) grew 14% to \$2.5 billion in the second quarter of 2006 and resulted in Operating Cash Flow margin of 41.4%, an increase from the 40.3% reported in the same quarter of 2005. The margin improvement reflects strong revenue growth and our continuing success in controlling the growth of operating costs even as we experience higher activity from record RGU additions.

Video

- Added 350,000 new digital subscribers during the quarter
- Digital penetration reached 49% of basic video subscribers

Video revenue increased 8% to \$3.7 billion in the second quarter of 2006, reflecting growth in digital customers and increased demand for more digital and interactive features. Comcast ended the quarter with 10.5 million digital video subscribers, a 15% increase from one year ago. As expected, the number of basic cable subscribers declined during the second quarter of 2006 due to seasonal disconnects associated with the number of markets we serve in vacation and university communities. Basic video subscribers declined 0.1% or 66,000 subscribers during the second quarter of 2006 compared to a decline of 79,000 subscribers and 96,000 in the second quarters of 2005 and 2004, respectively. Comcast had 21.7 million basic cable subscribers as of June 30, 2006.

Growth in video revenue and digital cable subscribers continues to reflect increasing consumer demand for new digital features including ON DEMAND, digital video recorders (DVR) and HDTV programming. Driven by ON DEMAND movie and event purchases, pay-per-view revenues increased 30% in the second quarter of 2006 from the same time in 2005. Video revenue growth also benefited from the increase in the number of digital customers subscribing to DVR and/or HDTV services(3). As of June 30, 2006, 30% of digital customers subscribed to these advanced services compared to 19% in the prior year.

High-Speed Internet

- Added 305,000 high-speed Internet subscribers during the quarter

High-Speed Internet revenues increased 22% to \$1.2 billion in the second quarter of 2006, reflecting a 1.6 million or 20% increase in subscribers from the prior year and stable average monthly revenue per subscriber. Comcast ended the second quarter of 2006 with 9.3 million high-speed Internet subscribers or 22% penetration of available homes.

Phone

- Added 306,000 Comcast Digital Voice (CDV) customers during the quarter
- CDV service now marketed to 26 million homes or 60% of Comcast's footprint today - expected to reach 80% by year end

Phone revenue increased 23% to \$214 million reflecting a \$67 million increase in CDV revenues as a result of the significant increase in CDV subscribers, offset by a \$27 million decline in circuit-switched phone revenues as Comcast focuses on marketing CDV.

Comcast ended the second quarter of 2006 with a total of 1.7 million phone customers. Customer additions in the second quarter of 2006 include 306,000 new CDV customers offset by the loss of 79,000 circuit-switched customers. On a net basis, Comcast added 227,000 new phone customers in the second quarter of 2006 compared to 2,000 in 2005.

Advertising revenue increased 8% to \$394 million in the second quarter of 2006 when compared to 2005, reflecting strong growth in political advertising due to several primary races in Comcast markets. Excluding political advertising, our core advertising business increased 6% from the prior year.

Capital expenditures of \$965 million in the second quarter of 2006 remained relatively unchanged when compared to one year ago. In the second quarter of 2006 and consistent with the prior year, 74% of cable capital expenditures were variable and directly associated with new product launches and strong consumer demand for our products.

Content Segment Results(4)

Comcast's Content segment consists of our national cable networks E! Entertainment Television and Style Network (E! Networks), The Golf Channel, OLN, G4 and AZN Television.

The Content segment reported second quarter 2006 revenue of \$273 million, a 17% increase from 2005 reflecting increases in network ratings, advertising revenue and distribution revenue. Operating Cash Flow declined 35% to \$60 million in the second quarter of 2006, primarily reflecting programming and production expenses related to OLN's coverage of the National Hockey League (NHL).

Corporate and Other(4)

Corporate and Other includes Comcast Spectacor, corporate overhead and other operations and eliminations between Comcast's businesses. In the second quarter of 2006, Comcast reported Corporate and Other revenue of \$24 million and an Operating Cash Flow loss of \$84 million, as compared to revenue of \$34 million and an Operating Cash Flow loss of \$75 million in 2005.

Consolidated Results

Operating Income increased 17% to \$1.2 billion in the second quarter of 2006 due to strong results at Comcast Cable including record-setting RGU additions, as described above. Similarly, strong results at Comcast Cable increased consolidated operating income 19% to \$2.3 billion for the six months ended June 30, 2006.

Net income increased to \$460 million, or \$0.22 per share, in the second quarter of 2006, compared to net income of \$430 million or \$0.19 per share in the second quarter of 2005. In addition to strong operating results at Comcast Cable, the current quarter also included other income of \$85 million primarily related to the sale of certain investments. The prior-year quarter results include investment gains of \$176 million, primarily related to an increase in the fair market value of our investment portfolio.

Net income increased to \$926 million, or \$0.43 per share, in the six months ended June 30, 2006 compared to net income of \$573 million, or \$0.26 per share, in the prior year. Strong results at Comcast Cable and a lower tax rate contributed to the growth in net income on a year-to-date basis. Income tax expense reflects a benefit primarily related to the favorable resolution of certain tax matters. The income tax rate for the first half of 2006 excluding this benefit was approximately 46%.

Net Cash Provided by Operating Activities increased to \$3.2 billion for the six months ended June 30, 2006 from \$2.5 billion in 2005 due primarily to stronger operating results and changes in operating assets and liabilities.

Free Cash Flow (described further on Table 4) increased \$572 million to \$1.3 billion for the six months ended June 30, 2006 compared to \$756 million in 2005, due primarily to growth in consolidated Operating Cash Flow and changes in working capital. The conversion rate of Operating Cash Flow into Free Cash Flow increased to 29% in the first half of 2006 from 18% in the first half of 2005.

Share Repurchase Program

Comcast repurchased \$685 million or 22 million shares of its Class A Special Common Stock during the second quarter of 2006, more than double the level of repurchases in the second quarter of 2005. Remaining availability under the Company's stock repurchase program is \$3.9 billion. Comcast expects such repurchases to occur from time to time in the open market or in private transactions, subject to market conditions.

Since the inception of the repurchase program in December 2003, the Company has invested \$6.4 billion in its common stock and related securities reducing the number of shares outstanding by nearly 10%. These investments include repurchasing \$5.0 billion or 176 million shares of common stock and paying \$1.4 billion to redeem several debt issues exchangeable into 47 million shares of common stock.

2006 Financial Outlook

For 2006, excluding pending transactions with Adelphia and Time Warner, Comcast increases its previously issued guidance, as follows:

Cable

- Revenue growth between 10-11%; previously 9 - 10%
- Operating Cash Flow growth at least 13%*; previously 10 - 11%
- RGU additions will increase approximately 20% above previous guidance of at least 3.5 million additions or approximately 60% above 2005 RGU additions of 2.6 million
- Supporting the higher level of RGU additions, cable capital expenditures will increase by approximately 10% from previously issued guidance

Consolidated

- Revenue to grow between 10-11%; previously 9 - 10%
- Operating Cash Flow to grow at least 12%*; previously 9 - 10%*

For 2006, excluding pending transactions with Adelphia and Time Warner, Comcast reaffirms the following previously issued guidance:

- Conversion of between 25 - 30% of consolidated Operating Cash Flow into Free Cash Flow**

* Includes the impact of expensing stock options in 2005 and 2006. The impact on Operating Cash Flow for 2005 had we expensed stock options would have been an incremental expense of approximately \$166 million, including \$117 million at Comcast Cable (see Table 7-A and 7-B).

** Free Cash Flow is defined as "Net Cash Provided by Operating Activities From Continuing Operations" (as stated in our Consolidated Statement of Cash Flows) reduced by capital expenditures and cash paid for intangible assets; and increased by any payments related to certain non-operating items, net of estimated tax benefits (such as income taxes on investment sales, and non-recurring payments related to income tax and litigation contingencies of acquired companies). Please see Table 4 for further details.

Conference Call Information

Comcast Corporation will host a conference call with the financial community today July 27, 2006 at 8:30 a.m. Eastern Time (ET). The conference call will be broadcast live on the Company's Investor Relations website at <http://www.cmcsa.com> or <http://www.cmcsk.com>. A recording of the call will be available on the Investor Relations website starting at 12:30 p.m. ET on July 27, 2006. Those parties interested in participating via telephone should dial (800) 263-8495 with the conference ID number 9949190. A telephone replay will begin immediately following the call until July 28, 2006 at midnight ET. To access the rebroadcast, please dial (800) 642-1687 and enter passcode number 9949190. To automatically receive Comcast financial news by email, please visit <http://www.cmcsa.com> or <http://www.cmcsk.com> and subscribe to email alerts.

This press release contains forward-looking statements. Readers are cautioned that such forward-looking statements involve risks and uncertainties that could cause actual events or our actual results to differ materially from those expressed in any such forward-looking statements. Readers are directed to Comcast's periodic and other reports filed with the Securities and Exchange Commission (SEC) for a description of such risks and uncertainties.

In this discussion we sometimes refer to financial measures that are not presented according to generally accepted accounting principles (GAAP). Certain of these measures are considered "non-GAAP financial measures" under the SEC regulations; those rules require the supplemental explanation and reconciliation provided in Table 7 of this release. All percentages are calculated based on actual amounts. Minor differences may exist due to rounding.

About Comcast:

Comcast Corporation (Nasdaq: CMCSA, CMCSK) (<http://www.comcast.com>) is the nation's leading provider of cable, entertainment and communications products and services. With 21.7 million cable customers, 9.3 million high-speed Internet customers, and 1.7 million voice customers, Comcast is principally involved in the development, management and operation of broadband cable networks and in the delivery of programming content.

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

- (1) Operating Cash Flow % Growth is adjusted as if stock options had been expensed in 2005. Operating income and earnings per share % Growth are unadjusted. See Table 7-A and 7-B for reconciliation of "as adjusted" financial data.
- (2) Cable results are presented on a pro forma, as adjusted, basis. Pro forma results adjust only for certain acquisitions and dispositions, including Susquehanna Communications, and are presented as if the acquisitions and dispositions were effective on January 1, 2005. These "as adjusted" results are presented as if stock options had been expensed in 2005. Please refer to Table 7-A and 7-B for a reconciliation of "as adjusted" financial data.
- (3) Represents the sum of basic and digital video subscribers, high-speed Internet and net phone subscribers. Subscriptions to DVR and/or HDTV services by existing Comcast Digital customers do not result in additional RGUs.
- (4) Operating Cash Flow adjusted as if stock options had been expensed in 2005.

SOURCE Comcast Corporation