COMCAST HOLDINGS CORP

FORM 8-K
(Current report filing)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15 (d) of the
SECURITIES EXCHANGE ACT OF 1934

Date of Report: September 17, 2003

COMCAST HOLDINGS CORPORATION
(Exact name of registrant as specified in its charter)

PENNSYLVANIA	23-1709202
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1500 Market Street, Philadelphia, PA 19102-2148

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (215) 665-1700

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS

On September 17, 2003, Comcast Corporation ("Comcast"), in accordance with the Amended and Restated Stock Purchase Agreement dated as of June 30, 2003 and executed on July 3, 2003 (the "Agreement"), among Comcast QVC, Inc. ("Comcast QVC"), a wholly-owned indirect subsidiary of Comcast Holdings Corporation ("Comcast Holdings"), Comcast, Liberty Media Corporation ("Liberty") and QVC, Inc. ("QVC"), among other things, completed the sale to Liberty of all shares of QVC common stock held by a number of direct wholly-owned subsidiaries of Comcast QVC for an aggregate amount of approximately $4 billion principal amount of Liberty's Floating Rate Senior Notes due 2006 (the "Liberty Notes"), approximately $1.35 billion in cash and approximately 218 million shares of Liberty Series A common stock. Pursuant to the Agreement, the shares of Liberty Series A common stock received by Comcast QVC were valued at $11.71 per share and represent approximately 7.5% of Liberty's common stock outstanding. The shares had a market value on the closing date of $10.73 per share, which was used for valuing such consideration in the accompanying unaudited pro forma condensed consolidated financial statements. Resales of the Liberty Notes and shares of Liberty Series A common stock received in the transaction have been registered with the Securities and Exchange Commission pursuant to the Agreement. On September 24, 2003, Comcast, through wholly-owned indirect subsidiaries of Comcast Holdings, sold an aggregate of $3.0 billion principal amount of the Liberty Notes for net proceeds of approximately $3.0 billion.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

(b) PRO FORMA FINANCIAL INFORMATION

Pursuant to paragraph (b) (1) of Item 7 of Form 8-K, Comcast Holdings is furnishing pro forma financial information in Exhibit 99.1

(c) EXHIBITS

10.1 Amended and Restated Stock Purchase Agreement dated as of June 30, 2003 among Comcast QVC, Inc., Comcast Corporation, Liberty Media Corporation, and QVC, Inc. (incorporated by reference to Exhibit 10.1 to Comcast Corporation's Current Report on Form 8-K filed on October 1, 2003).

99.1 Comcast Holdings Corporation unaudited pro forma condensed consolidated balance sheet at June 30, 2003 and unaudited pro forma condensed consolidated statements of operations for the six months ended June 30, 2003 and the years ended December 31, 2002, 2001 and 2000.

SIGNATURES

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

COMCAST HOLDINGS CORPORATION

/S/ LAWRENCE J. SALVA

Lawrence J. Salva
Senior Vice President and Controller
(Principal Accounting Officer)

Date: October 1, 2003

EXHIBIT 99.1

COMCAST HOLDINGS CORPORATION
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following Unaudited Pro Forma Condensed Consolidated Balance Sheet of Comcast Holdings Corporation ("Comcast Holdings") as of June 30, 2003 and Unaudited Pro Forma Condensed Consolidated Statements of Operations of Comcast Holdings for the six months ended June 30, 2003 and the years ended December 31, 2002, 2001 and 2000 give effect to the sale of Comcast Holdings' approximate 57% interest in QVC, Inc. ("QVC"). The Unaudited Pro Forma Condensed Consolidated Balance Sheet assumes the sale of QVC occurred on June 30, 2003 and the Unaudited Pro Forma Condensed Consolidated Statements of Operations assume the sale of QVC occurred on January 1, 2000, with all statements presented subject to the assumptions and adjustments as set forth in the accompanying notes to the unaudited pro forma condensed consolidated financial statements.

On September 17, 2003, Comcast Corporation ("Comcast"), in accordance with the Amended and Restated Stock Purchase Agreement dated as of June 30, 2003 and executed on July 3, 2003 (the "Agreement"), among Comcast QVC, Inc. ("Comcast QVC"), a wholly-owned indirect subsidiary of Comcast Holdings, Comcast, Liberty Media Corporation ("Liberty") and QVC, among other things, completed the sale to Liberty of all shares of QVC common stock held by a number of direct wholly-owned subsidiaries of Comcast QVC for an aggregate amount of approximately $4 billion principal amount of Liberty's Floating Rate Senior Notes due 2006 (the "Liberty Notes"), approximately $1.35 billion in cash and approximately 218 million shares of Liberty Series A common stock. Pursuant to the Agreement, the shares of Liberty Series A common stock received by Comcast QVC were valued at $11.71 per share and represent approximately 7.5% of Liberty's common stock outstanding. The shares had a market value on the closing date of $10.73 per share, which was used for valuing such consideration in the accompanying unaudited pro forma condensed consolidated financial statements. Resales of the Liberty Notes and shares of Liberty Series A common stock received in the transaction have been registered with the Securities and Exchange Commission pursuant to the Agreement. On September 24, 2003, Comcast, through wholly-owned indirect subsidiaries of Comcast Holdings, sold an aggregate of $3.0 billion principal amount of the Liberty Notes for net proceeds of approximately $3.0 billion. Comcast Holdings will report QVC as a discontinued operation, in accordance with Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets."

The pro forma adjustments included herein are based on available information and certain assumptions that management believes are reasonable and are described in the accompanying notes to the unaudited pro forma condensed consolidated financial statements. The Unaudited Pro Forma Condensed Consolidated Financial Statements do not necessarily represent what Comcast Holdings' financial position or results of operations would have been had the sale of QVC occurred on such dates or to project Comcast Holdings' financial position or results of operations at or for any future date or period. In the opinion of management, all adjustments necessary to present fairly the unaudited pro forma financial information have been made. The Unaudited Pro Forma Condensed Consolidated Financial Statements should be read in conjunction with the historical consolidated financial statements of Comcast Holdings.

COMCAST HOLDINGS CORPORATION
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
AT JUNE 30, 2003

(Dollars in millions)

	Historical Comcast Holdings	Historical QVC (a)	Pro Forma Adjustments	Pro Forma Comcast Holdings
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$1,298	($508)	$1,350(b)	$2,140
Investments	179	(17)		162
Accounts receivable, net	959	(532)		427
Inventories, net	506	(506)		
Deferred income taxes	137	(137)		
Due from affiliates	317			317
Other current assets	176	(21)		155
Total current assets	3,572	(1,721)	1,350	3,201
NOTES RECEIVABLE FROM AFFILIATE	198			198
INVESTMENTS	694	(4)	6,336(b)(d)	7,026
PROPERTY AND EQUIPMENT, net	6,902	(487)		6,415
FRANCHISE RIGHTS	16,631			16,631
GOODWILL	6,446	(835)		5,611
OTHER INTANGIBLE ASSETS, net	1,388	(170)		1,218
OTHER NONCURRENT ASSETS, net	362	(94)		268
	$36,193	($3,311)	$7,686	$40,568
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable	662	(399)	$	263
Accrued expenses and other current liabilities	1,909	(392)	1,980(b)	3,497
Deferred income taxes	45			45
Current portion of long-term debt	378			378
Total current liabilities	2,994	(791)	1,980	4,183
LONG-TERM DEBT, less current portion	8,108			8,108
NOTES PAYABLE TO AFFILIATES	565			565
DEFERRED INCOME TAXES	7,016	(4)	841(b)	7,853
OTHER NONCURRENT LIABILITIES	1,107	(53)		1,054
MINORITY INTEREST	1,267	(981)		286
STOCKHOLDERS' EQUITY	15,136	(1,482)	4,865(b)	18,519
	$36,193	($3,311)	$7,686	$40,568

See notes to unaudited pro forma condensed consolidated financial statements.

COMCAST HOLDINGS CORPORATION
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED
STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2003

(Dollars in millions)

	Historical Comcast Holdings	Historical QVC (a)	Pro Forma Adjustments	Pro Forma Comcast Holdings
REVENUES				
Service revenues	$3,802	$	$10(c)	$3,812
Net sales from electronic retailing	2,163	(2,163)		
	5,965	(2,163)	10	3,812
COSTS AND EXPENSES				
Operating (excluding depreciation)	1,637	(263)	10(c)	1,384
Cost of goods sold from electronic retailing (excluding depreciation)	1,370	(1,370)		
Selling, general and administrative	1,079	(100)		979
Depreciation	673	(40)		633
Amortization	113	(25)		88
	4,872	(1,798)	10	3,084
OPERATING INCOME	1,093	(365)		728
OTHER INCOME (EXPENSE)				
Interest expense	(342)	3		(339)
Investment loss, net	(6)	(14)		(20)
Equity in net losses of affiliates	(34)	4		(30)
Other income (expense)	2			2
	(380)	(7)		(387)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND MINORITY INTEREST	713	(372)		341
INCOME TAX EXPENSE	(269)	137		(132)
INCOME FROM CONTINUING OPERATIONS BEFORE MINORITY INTEREST	444	(235)		209
MINORITY INTEREST	(126)	106		(20)
INCOME FROM CONTINUING OPERATIONS	$318	($129)	$	$189

See notes to unaudited pro forma condensed consolidated financial statements.

COMCAST HOLDINGS CORPORATION
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2002

(Dollars in millions)

	Historical Comcast Holdings	Historical QVC (a)	Pro Forma Adjustments	Pro Forma Comcast Holdings
REVENUES				
Service revenues	$6,895	$	$23(c)	$6,918
Net sales from electronic retailing	4,381	(4,381)		
	11,276	(4,381)	23	6,918
COSTS AND EXPENSES				
Operating (excluding depreciation)	3,015	(519)	20(c)	2,516
Cost of goods sold from electronic retailing (excluding depreciation)	2,793	(2,793)		
Selling, general and administrative	1,918	(211)		1,707
Depreciation	1,425	(81)		1,344
Amortization	213	(39)	3(c)	177
	9,364	(3,643)	23	5,744
OPERATING INCOME (LOSS)	1,912	(738)		1,174
OTHER INCOME (EXPENSE)				
Interest expense	(725)	14		(711)
Investment loss	(658)	92		(566)
Equity in net losses of affiliates	(103)	8		(95)
Other income	(4)			(4)
	(1,490)	114		(1,376)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND MINORITY INTEREST	422	(624)		(202)
INCOME TAX (EXPENSE) BENEFIT	(246)	262		16
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE MINORITY INTEREST	176	(362)		(186)
MINORITY INTEREST	(196)	169		(27)
LOSS FROM CONTINUING OPERATIONS	($20)	($193)	$	($213)

See notes to unaudited pro forma condensed consolidated financial statements.

COMCAST HOLDINGS CORPORATION
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2001

(Dollars in millions)

	Historical Comcast Holdings	Historical QVC (a)	Pro Forma Adjustments	Pro Forma Comcast Holdings
REVENUES				
Service revenues	$5,919		$18(c)	$5,937
Net sales from electronic retailing	3,917	(3,917)		
	9,836	(3,917)	18	5,937
COSTS AND EXPENSES				
Operating (excluding depreciation)	2,906	(478)	18(c)	2,446
Cost of goods sold from electronic retailing (excluding depreciation)	2,514	(2,514)		
Selling, general and administrative	1,746	(203)		1,543
Depreciation	1,211	(81)		1,130
Amortization	2,205	(62)		2,143
	10,582	(3,338)	18	7,262
OPERATING INCOME (LOSS)	(746)	(579)		(1,325)
OTHER INCOME (EXPENSE)				
Interest expense	(734)	26		(708)
Investment income	1,062	(91)		971
Equity in net losses of affiliates	(29)	13		(16)
Other income	1,301	4		1,305
	1,600	(48)		1,552
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES, MINORITY INTEREST AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	854	(627)		227
INCOME TAX EXPENSE	(470)	254		(216)
INCOME FROM CONTINUING OPERATIONS BEFORE MINORITY INTEREST AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	384	(373)		11
MINORITY INTEREST	(160)	153		(7)
INCOME FROM CONTINUING OPERATIONS BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	$224	($220)	$	$4

See notes to unaudited pro forma condensed consolidated financial statements.

COMCAST HOLDINGS CORPORATION
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2000

	(Dollars in millions)			
	Historical Comcast Holdings	Historical QVC (a)	Pro Forma Adjustments	Pro Forma Comcast Holdings
REVENUES				
Service revenues	$4,821		$15 (c)	$4,836
Net sales from electronic retailing	3,536	(3,536)		
	8,357	(3,536)	15	$4,836
COSTS AND EXPENSES				
Operating (excluding depreciation)	2,210	(439)	15 (c)	1,786
Cost of goods sold from electronic retailing (excluding depreciation)	2,285	(2,285)		
Selling, general and administrative	1,404	(193)		1,211
Depreciation	837	(58)		779
Amortization	1,782	(68)		1,714
	8,518	(3,043)	15	5,490
OPERATING INCOME (LOSS)	(161)	(493)		(654)
OTHER INCOME (EXPENSE)				
Interest expense	(728)	35		(693)
Investment income	984	(24)		960
Income related to indexed debt	666			666
Equity in net losses of affiliates	(22)	5		(17)
Other income	2,826			2,826
	3,726	16		3,742
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND MINORITY INTEREST	3,565	(477)		3,088
INCOME TAX EXPENSE	(1,429)	217		(1,212)
INCOME FROM CONTINUING OPERATIONS BEFORE MINORITY INTEREST	2,136	(260)		1,876
MINORITY INTEREST	(115)	112		(3)
INCOME FROM CONTINUING OPERATIONS	$2,021	($148)	$	$1,873

See notes to unaudited pro forma condensed consolidated financial statements.

(a) This column deducts the historical balances and results of operations of QVC to reflect the sale of QVC.

(b) To reflect the consideration received from Liberty in the form of $1.350 billion in cash, approximately 218 million shares of Liberty's Series A common stock with a fair value of $2.336 billion at September 17, 2003 and $4.0 billion in three-year senior unsecured notes. The consideration received, net of $46 million in transaction costs, over Comcast Holdings' carrying value of the net assets of QVC is expected to result in an estimated gain of approximately $3.3 billion, net of tax.

(c) Adjustment reflects the reversal of the elimination of intercompany transactions between Comcast Holdings and QVC.

(d) On September 24, 2003, Comcast, through wholly-owned indirect subsidiaries of Comcast Holdings, sold an aggregate of $3.0 billion principal amount of the Liberty Notes for net proceeds of approximately $3.0 billion. The unaudited pro forma condensed consolidated balance sheet does not reflect the sale of such Liberty Notes.