

LAW OFFICES
MESSER, CAPARELLO & SELF
A PROFESSIONAL ASSOCIATION

215 SOUTH MONROE STREET, SUITE 701
POST OFFICE BOX 1876
TALLAHASSEE, FLORIDA 32302-1876
TELEPHONE: (850) 222-0720
TELECOPIER: (850) 224-4359
INTERNET: www.lawfla.com

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COMMISSION
CLERK

March 21, 2002

BY HAND DELIVERY

Ms. Blanca Bayó, Director
The Commission Clerk and Administrative Services
Room 110, Easley Building
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

020258-TI

Re: Application for Approval of Change of Control of IXC Certificate of AT&T
Broadband Phone of Florida, LLC d/b/a AT&T Digital Phone by AT&T Corp. and
AT&T Comcast Corporation

Dear Ms. Bayó:

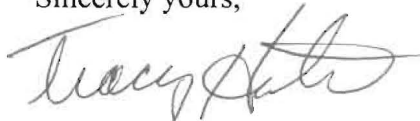
Please find enclosed for filing an original and six copies of the Joint Application for the Approval of a Change of Control of the IXC Certificate of Public Convenience and Necessity held by AT&T Broadband Phone of Florida, LLC d/b/a AT&T Digital Phone by AT&T Corp. and AT&T Comcast Corporation. Pursuant to information received from Ms. Nancy Pruitt, no filing fee is applicable to this application for change of control.

Please acknowledge receipt of this letter by stamping the extra copy of this letter "filed" and returning the same to me.

If anyone has any questions or requires additional information, please do not hesitate to call me at (850) 425-5209.

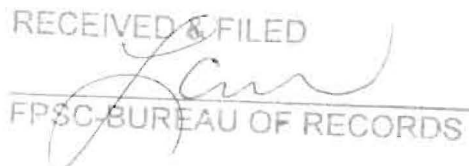
Thank you for your assistance with this filing.

Sincerely yours,



Tracy W. Hatch

TWH/amb
Enclosures
cc: Ms. Nancy Pruitt

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

03294 MAR 21 02

FPSC-COMMISSION CLERK

**** FLORIDA PUBLIC SERVICE COMMISSION ****

DIVISION OF REGULATORY OVERSIGHT
CERTIFICATION SECTION

Application Form for Authority to Provide
Interexchange Telecommunications Service
Between Points Within the State of Florida

Instructions

- + This form is used as an application for an original certificate and for approval of assignment or transfer of an existing certificate. In the case of an assignment or transfer, the information provided shall be for the assignee or transferee (See Page 16).
- * Print or Type all responses to each item required in the application and appendices. If an item is not applicable, please explain why.
- + Use a separate sheet for each answer which will not fit the allotted space.
- + Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of **\$250.00** to:

**Florida Public Service Commission
Division of Records and Reporting
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
(850) 413-6770**

Note: **No filing fee is required** for an assignment or transfer of an existing certificate to another company.

- + If you have questions about completing the form, contact:

**Florida Public Service Commission
Division of Regulatory Oversight
Certification Section
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
(850) 413-6480**

1. This is an application for (check one):
- Original certificate** (new company).
 - Approval or transfer of existing certificate:** Example, a non-certificated company purchases.
 - Approval of assignment of existing certificate:** Example, a certificated company purchases an existing company and desires to retain the certificate of authority of that company.
 - Approval of transfer of control:** Example, a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.

2. Name of company:

AT&T Comcast Corporation is acquiring a controlling interest in AT&T Broadband Phone of Florida, LLC d/b/a AT&T Digital Phone, (See Attachment A for details of transactions.)

3. Name under which applicant will do business (fictitious name, etc.):

AT&T Broadband Phone of Florida, LLC d/b/a AT&T Digital Phone is currently providing telecommunications services in Florida. AT&T Broadband Phone of Florida d/b/a AT&T Digital Phone will continue to be the operating entity in Florida.

4. Official mailing address (including street name & number, post office box, city, state, zip code):

AT&T Comcast Corporation
1500 Market Street
35th Floor, East Tower
Philadelphia, PA 19102-2148

AT&T Broadband Phone of Florida, LLC
188 Inverness Dr. West, Ste 600
Englewood, CO 80112

5. Florida address (including street name & number, post office box, city, state, zip code):

N/A

6. Select type of business your company will be conducting (check all that apply):

- Facilities-based carrier** – company owns and operates or plans to own and operate telecommunications switches and transmission facilities in Florida.
- Operator Service Provider** – company provides or plans to provide alternative operator services for IXCs; or toll operator services to call aggregator locations; or clearinghouse services to bill such calls.
- Reseller** – company has or plans to have one or more switches but primarily leases the transmission facilities of other carriers. Bills its own customer base for services used.
- Switchless Rebiller** – company has no switch or transmission facilities but may have a billing Computer. Aggregates traffic to obtain bulk discounts from underlying carrier, Rebills end users at a rate above its discount but generally below the rate end users would pay for unaggregated traffic.

- () **Multi-Location Discount Aggregator** – company contracts with unaffiliated entities to obtain bulk/volume discounts under molt-location discount plans from certain underlying carriers, then offers resold service by enrolling unaffiliated customers.
- () **Prepaid Debit Card Provider** – any person or entity that purchases 800 access from an underlying carrier or unaffiliated entity for use with prepaid debit card service and/r encodes the cards with personal identification numbers.

7. Structure of organization:

- | | |
|-------------------------|-------------------------|
| () Individual | () Corporation |
| () Foreign Corporation | () Foreign Partnership |
| () General Partnership | () Limited Partnership |
| (X) Other | |

AT&T Broadband Phone of Florida, LLC is a Florida Corporation and will continue to be the operating entity providing telecommunications services in Florida. AT&T Broadband Phone of Florida, LLC will be a wholly owned subsidiary of AT&T Comcast Corporation. See Attachment A for a detailed description of the organizational structure.

8. **If individual**, provide:

Name: N/A
Title: _____
Address: _____
City/State/Zip: _____
Telephone No.: _____ **Fax No.:** _____
Internet E-Mail Address: _____
Internet Website Address: _____

9. **If incorporated in Florida**, provide proof of authority to operate in Florida.

(a) **The Florida Secretary of State Corporate Registration number:**

N/A

10. **If foreign corporation**, provide proof of authority to operate in Florida.

(a) **The Florida Secretary of State Corporate Registration number:**

AT&T Broadband Phone of Florida, LLC's registration number is: M01000000499

11. **If using a fictitious name – d/b/a**, provide proof of compliance with fictitious name statute (Chapter 865.09, FS) to operate in Florida:

(a) **The Florida Secretary of State fictitious name registration number:**

The fictitious registration number for AT&T Digital Phone is G01109900221.

12. **If a limited liability partnership**, provide proof of registration to operate in Florida:

(a) **The Florida Secretary of State registration number:**

N/A _____

13. **If a partnership**, provide name, title and address of all partners and a copy of the partnership agreement.

Name: N/A _____

Title: _____

Address: _____

City/State/Zip: _____

Telephone No.: _____ **Fax No.:** _____

Internet E-Mail Address: _____

Internet Website Address: _____

14. **If a foreign limited partnership**, provide proof of compliance with the foreign limited partnership statute (Chapter 620.169, FS), if applicable.

(a) **The Florida registration number:** N/A _____

15. Provide **F.E.I. Number** (if applicable):

AT&T Broadband FEI number is 134924710. _____

16. Provide the following (if applicable):

(a) Will the name of your company appear on the bill for your services?

(X) Yes () No

(b) If not, who will bill for your services?

Name: _____

Title: _____

Address: _____

City/State/Zip: _____

Telephone No.: _____ **Fax No.:** _____

(c) How is this information provided?

17. Who will receive the bills for your service?

- | | |
|---|---|
| <input checked="" type="checkbox"/> Residential Customers | <input type="checkbox"/> Business Customers |
| <input type="checkbox"/> PATs providers | <input type="checkbox"/> PATs station end-users |
| <input type="checkbox"/> Hotels & motels | <input type="checkbox"/> Hotels & motel guests |
| <input type="checkbox"/> Universities | <input type="checkbox"/> Universities dormitory residents |
| <input type="checkbox"/> Other: (specify) | |

18. Who will serve as liaison to the Commission with regard to the following?

(a) The application:

Name: Ms. Lisa Riley
Title: Regulatory Manager
Address: 1200 Peachtree Street, NE
City/State/Zip: Atlanta, GA 30309
Telephone No.: (404) 810-7812 **Fax No.:** (404) 877-7646
Internet E-Mail Address: lriley@att.com
Internet Website Address: N/A

(b) Official Point of contact for ongoing operations of the company:

Name: Ms. Lisa Riley
Title: Regulatory Manager
Address: 1200 Peachtree Street, NE
City/State/Zip: Atlanta, GA 30309
Telephone No.: (404) 810-7812 **Fax No.:** (404) 877-7646
Internet E-Mail Address: lriley@att.com
Internet Website Address: N/A

(c) Complaints/Inquiries from customers:

Name: Ms. Lisa Riley
Title: Regulatory Manager
Address: 1200 Peachtree Street, NE
City/State/Zip: Atlanta, GA 30309
Telephone No.: (404) 810-7812 **Fax No.:** (404) 877-7646
Internet E-Mail Address: lriley@att.com
Internet Website Address: N/A

19. List the states in which the applicant:

(a) has operated as an interexchange telecommunications company.

AT&T Comcast has not previously operated as an IXC. Once AT&T Comcast acquires AT&T's Broadband Division, AT&T Comcast will control the AT&T Broadband operating companies which provide service in the following states: California, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Kentucky, Massachusetts, Minnesota, New Hampshire, Oregon, Pennsylvania, Texas, Utah, Virginia and Washington.

(b) has application pending to be certificated as an interexchange telecommunications company.

AT&T Comcast does not have any pending applications to be certificated as an IXC. AT&T Comcast does have pending applications to approve the change of control of AT&T's broadband operating companies.

(c) is certificated to operate as an interexchange telecommunications company.

See (a) above.

(d) has been denied authority to operate as an interexchange telecommunications company and the circumstances involved.

None.

(e) has had regulatory penalties imposed for violations of telecommunications statutes and the circumstances involved.

None.

(f) has been involved in civil court proceedings with an interexchange carrier, local exchange company or other telecommunications entity, and the circumstances involved.

None.

20. Indicate if any of the officers, directors, or any of the ten largest stockholders have previously been:

(a) adjusted bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. If so, please explain.

n/a

(b) an officer, director, partner or stockholder in any other Florida certificated telephone company. If yes, give name of company and relationship. If no longer associated with company, give reason why not.

21. The applicant will provide the following interexchange carrier services (check all that apply):

AT&T Broadband Phone of Florida, LLC is a Florida Corporation and will continue to be the operating entity providing telecommunications services in Florida. The services currently provided by AT&T Broadband Phone of Florida will continue to be provided as they are today. No changes in service is contemplated as a result of the transfer of control to AT&T Comcast.

a. _____ MTS with distance sensitive per minute rates

_____ Method of access is FGA

_____ Method of access is FGB

_____ Method of access is FGD
_____ Method of access is 800

b. _____ **MTS with route specific rates per minute**

_____ Method of access is FGA
_____ Method of access is FGB
_____ Method of access is FGD
_____ Method of access is 800

c. _____ **MTS with statewide flat rates per minute (i.e. not distance sensitive)**

_____ Method of access is FGA
_____ Method of access is FGB
_____ Method of access is FGD
_____ Method of access is 800

d. _____ **NITS for pay telephone service providers**

e. _____ **Block-of-time calling plan (Reach Out Florida, Ring America, etc.)**

f. _____ **800 service (toll free)**

g. _____ **WATS type service (bulk or volume discount)**

_____ Method of access is via dedicated facilities
_____ Method of access is via switched facilities

h. _____ **Private line services (Channel Services)**
(For ex. 1.544mbs., DS-3, etc.)

i. _____ **Travel service**

_____ Method of access is 950
_____ Method of access is 800

j. _____ **900 service**

k. _____ **Operator services**

_____ Available to presubscribed customers
_____ Available to non-presubscribed Customers (for example, to patrons of hotels, students in universities, patients in hospitals).
_____ Available to inmates

l. **Services included are:**

_____ Station assistance
_____ Person-to-person assistance
_____ Directory assistance
_____ Operator verify and interrupt
_____ Conference calling

22. Submit the proposed tariff under which the company plans to begin operation. Use the format required by Commission Rule 25-24.485 (example enclosed).

AT&T Broadband Phone of Florida, LLC will continue to be the operating entity providing telecommunications services in Florida. AT&T Broadband Phone of Florida's tariffs currently on file and in effect will continue to be the tariffs under which AT&T Broadband Phone of Florida will provide services in Florida.

23. Submit the following:

A. **Managerial capability:** give resumes of employees/officers of the company that would indicate sufficient managerial experiences of each.

AT&T Broadband Phone of Florida, LLC will continue to be the entity providing telecommunications services in Florida. AT&T Broadband Phone of Florida's managerial expertise was previously determined acceptable by the Florida Public Service Commission upon issuance of its IXC Certificate. For more information see the benefits of the merger set forth in Attachment A to this application.

B. **Technical capability:** give resumes of employees/officers of the company that would indicate sufficient technical experiences or indicate what company has been contracted to conduct technical maintenance.

AT&T Broadband Phone of Florida will continue to be the entity providing telecommunications services in Florida and the change of control will be transparent to customers. Its operations will remain essentially unchanged. AT&T Broadband of Florida's technical expertise was previously determined acceptable by the Florida Public Service Commission upon issuance of its IXC Certificate. For more information see the benefits of the merger set forth in Attachment A.

C. **Financial capability.**

This application **should contain** the applicant's audited financial statements for the most recent 3 years. If the applicant does not have audited financial statements, it shall be so stated.

Audited Financial Statements for AT&T Comcast are not available.

The unaudited financial statements should be signed by the applicant's chief executive officer and chief financial officer affirming that the financial statements are true and correct and should include:

1. the balance sheet;
2. income statement; and
3. statement of retained earnings.

See Attachment A, Exhibit 1, for financial information for AT&T Comcast.

NOTE: This documentation may include but is not limited to, statements, a projected profit and loss statement, credit references, credit bureau reports and descriptions of business relationships with financial institutions.

Further, the following (which includes supporting documentation) should be provided:

1. A written explanation that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served.
2. A written explanation that the applicant has sufficient financial capability to maintain the requested service.
3. A written explanation that the applicant has sufficient financial capability to meet its lease or ownership obligation.

AT&T Comcast through AT&T Broadband Phone of Florida, LLC, will have sufficient financial capability to provide and maintain telecommunications services in its serving area and to meet its lease or ownership obligations. See Attachment A, Exhibit 1.

THIS PAGE **MUST BE COMPLETED AND SIGNED**

APPLICANT ACKNOWLEDGEMENT STATEMENT

1. **REGULATORY ASSESMENT FEE:** I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one percent of its gross operating revenue derived from intrastate business. Regardless of the gross operating revenue of a company, a minimum annual assessment fee of \$50 is required.
2. **GROSS RECEIPTS TAX:** I understand that all telephone companies must pay a gross receipts tax of two and one-half percent on all intra and interstate business.
3. **SALES TAX:** I understand that a seven percent sales tax must be paid on intra and interstate revenues.
4. **APPLICATION FEE:** I understand that a non-refundable application fee of \$250.00 must be submitted with the application.

UTILITY OFFICIAL:

Print Name

Signature

Title

Date

Telephone No.

Fax No.

Address:

THIS PAGE **MUST BE COMPLETED AND SIGNED**

CUSTOMER DEPOSITS AND ADVANCE PAYMENTS

A statement of how the Commission can be assured of the security of the customer's deposits and advance payments may be provided in one of the following ways (applicant, please check one):

The applicant will not collect deposits nor will it collect payments for service more than one month in advance.

The applicant intends to collect deposits and/or advance payments for more than one month's service and will file and maintain a surety bond with the Commission in an amount equal to the current balance of deposits and advance payments in excess of one month. (The bond must accompany the application.)

UTILITY OFFICIAL:

Print Name

Signature

Title

Date

Telephone No.

Fax No.

Address:

THIS PAGE **MUST BE** COMPLETED AND SIGNED

AFFIDAVIT

By my signature below, I, the undersigned officer, attest to the accuracy of the information contained in this application and attached documents and that the applicant has the technical expertise, managerial ability, and financial capability to provide interexchange telecommunications service in the State of Florida. I have read the foregoing and declare that, to the best of my knowledge and belief, the information is true and correct. I attest that I have the authority to sign on behalf of my company and agree to comply, now and in the future, with all applicable Commission rules and orders.

Further, I am aware that, pursuant to Chapter 837.06, Florida Statutes, "Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083."

UTILITY OFFICIAL:

Print Name

Signature

Title

Date

Telephone No.

Fax No.

Address:

CURRENT FLORIDA INTRASTATE SERVICES

Applicant has () or has not () previously provided intrastate telecommunications in Florida.

If the answer is has, fully describe the following:

a) What services have been provided and when did these services begin?

b) If the services are not currently offered, when were they discontinued?

UTILITY OFFICIAL:

Print Name

Signature

Title

Date

Telephone No.

Fax No.

Address:

CERTIFICATE TRANSFER OR ASSIGNMENT STATEMENT

I, (Name) _____,

(Title) _____ of

_____ (Name of Company)

and current holder of Florida Public Service Commission Certificate Number

_____, have reviewed this application and join in the petitioner's request for a:

() transfer

() assignment

of the above-mentioned certificate.

UTILITY OFFICIAL:

Print Name

Signature

Title

Date

Telephone No.

Fax No.

Address:

ATTACHMENT A

TO

**JOINT APPLICATION OF AT&T CORP. AND AT&T COMCAST CORP.
FOR THE APPROVAL OF A CHANGE OF CONTROL OF
AT&T BROADBAND PHONE OF FLORIDA, LLC**

AT&T Corp. and AT&T Comcast Corporation are completing a series of transactions that will result in the change of control of AT&T Broadband Phone of Florida, LLC d/b/a AT&T Digital Phone, including its certificate of public convenience and necessity, from AT&T Corp. to AT&T Comcast Corporation. The change of control of this company will promote the public interest by accelerating facilities-based competition in the provision of local telephony and thereby bring more new services and features to more customers more quickly and efficiently.

**THE PARENT CORPORATIONS, APPLICANTS AND
SUMMARY OF THE TRANSACTION**

The Parents and Applicants.

1. AT&T Corp.

AT&T Broadband, is currently a division of AT&T Corp. AT&T Corp. is a New York corporation, which on its own and through a number of subsidiaries, is authorized to provide domestic and international telecommunications services throughout the United States.

AT&T Broadband is one of the nation's leading broadband communications businesses, providing cable television, video programming, telephony, and high-speed cable Internet services over its broadband networks across the country. Insofar as telephony is

concerned, AT&T Broadband, through its operating companies, including AT&T Broadband Phone of Florida, LLC d/b/a AT&T Digital Phone, now markets cable telephony service to approximately 7 million households in 16 markets, and has over one million customers (or 14.8% of its marketable homes) -- twice as many customers as all other cable operators combined.¹ In the past year alone, AT&T Broadband added almost a half a million new cable telephony customers, increasing its customer base by over 100%. Indeed, with its continued investment in cable telephony, AT&T Broadband's customer base and market reach will significantly expand in the near future.² It is estimated that, in 2002, AT&T Broadband's cable telephony service will be available to 9.9 million households (or 40.4% of the total homes passed by its cable systems) and its customer base will grow by an additional half a million customers.³ AT&T Broadband is the recognized industry leader in cable-delivered mass market local telephony. AT&T Broadband's investment in and deployment of circuit-switched cable telephony technology have enabled it to offer a competitive alternative to the incumbent local exchange carrier's ("ILEC") telephone services over the same hybrid fiber/coaxial network that supplies video service.

Currently, AT&T Broadband Phone of Florida offers cable telephony services in Jacksonville, Hialeah and Pompano Beach. AT&T Broadband Phone of Florida offers Florida consumers a variety of options and calling plans with various competitive price

¹ As of November 2001, Cox Communications was the second leading provider of cable telephony service with approximately 400,000 customers. See NCTA, *Cable & Telecommunications Industry Overview 2001*, at 4 (2001). Other MSO cable telephony deployments are negligible, and many represent numbers from VoIP trials. See *id.* See generally NCTA, *Cable Telephony: Offering Consumers Competitive Choice* (July 2001).

² See Solomon Smith Barney, *CMCSK: Merger w/ AT&T Broadband Redefines the Cable Industry* at 6 (Dec. 20, 2001) (noting that AT&T Comcast "is expected to continue AT&T's aggressive deployment of the circuit switched telephony").

³ See Douglas S. Shapiro et al., Banc of Am. Sec., *Fourth Quarter Cable Industry Preview and 2002 Industry Outlook* at 85 (Jan. 15, 2002).

points. These options and calling plans range from basic one line service to multiple lines with full feature functionality.

2. AT&T Comcast Corporation.

AT&T Comcast Corporation is a Pennsylvania corporation to be headquartered at 1500 Market Street, 35th Floor, East Tower, Philadelphia, Pennsylvania 19102-2148. Currently, AT&T Comcast is a "shell" corporation equally owned by AT&T Corp. and Comcast. Upon completion of this transaction, AT&T Comcast will be the publicly traded holding company for the businesses of Comcast and AT&T Broadband Corp., a newly-formed Delaware corporation, to which AT&T Corp. will spin off its broadband business. It then will be owned by the shareholders of AT&T Corp. and Comcast as described below in the Summary of the Transaction.

3. Comcast Corporation

Founded in 1963 in Tupelo, Mississippi, with just over 1000 cable customers, Comcast has since experienced extraordinary growth in the scale and scope of its business. It has developed and deployed a range of new technologies and programming services as part of its ongoing efforts to improve the services it offers to its customers. As a result, Comcast has established an industry-leading reputation for strong financial performance and operational efficiency. This has made Comcast a leading provider of cable services, cable modem service, electronic commerce, video programming, and other services to millions of customers. Comcast is the nation's fourth largest multi-channel video programming distributor ("MVPD") and a provider of digital cable and high-speed Internet access. Comcast's cable systems currently serve 8.471 million customers in 26 states, passing approximately 13.8 million homes. Over the past six years, Comcast has invested over \$5

billion to upgrade its cable plant by installing fiber optics and other technological improvements. As the result of these upgrades, 95% of Comcast's customers are currently served by systems that provide bandwidth of 550 MHz or higher, and over 80% of its customers by systems that provide bandwidth of 750 MHz or higher.

Although Comcast to date has not initiated the deployment of telephony services on its cable systems, it has continued the telephone operations associated with several cable systems it has acquired, and as a result is offering circuit-switched telephone services to 46,000 customers in Maryland, Virginia, and Michigan.

Summary of the Transaction.

Under the Agreement, the parties will implement a series of steps to consummate the merger of their broadband businesses after receiving the necessary shareholder and governmental approvals. AT&T will contribute the assets of its AT&T Broadband division, including AT&T Broadband Phone of Florida, to a new, wholly-owned holding company, AT&T Broadband Corporation ("AT&T Broadband"). AT&T will then spin off AT&T Broadband to the shareholders of AT&T Corp. Immediately following this spin off, Comcast and AT&T Broadband will merge with different, wholly-owned subsidiaries of AT&T Comcast Corporation.⁴ Following these steps, AT&T Comcast Corp. will be the new public company parent of AT&T Broadband and Comcast, which will be wholly-owned "brother/sister" subsidiaries of AT&T Comcast. As a result, AT&T Comcast Corp.

⁴ Specifically, Comcast will merge into Comcast Acquisition Corporation, a newly-formed, wholly-owned "shell" subsidiary of AT&T Comcast, with Comcast surviving. AT&T Broadband will merge into AT&T Broadband Acquisition Corp., also a newly-formed, wholly-owned "shell" subsidiary of AT&T Comcast, with AT&T Broadband surviving. It is presently contemplated that AT&T Comcast may form a wholly owned limited liability company to hold the stock of AT&T Broadband Corp. This step, which may be needed to facilitate future financing, would be taken at or soon after the closing of the transaction. In order to avoid the need for further commission considerations of this possible pro forma intra-corporate change and any attendant delay, we are including this step as part of this application.

will consist of both companies' cable systems, both companies' interests in programming services, both companies' telecommunications services, as well as other assets owned by the two companies.

Under the terms of the Agreement, the AT&T Comcast Corp. board will consist of 12 members, at least seven of whom will be independent persons. AT&T and Comcast will each contribute five board members to the new company, and will jointly select two additional members who have no current affiliation with either company. Brian Roberts will be Chief Executive Officer of AT&T Comcast, and C. Michael Armstrong, currently Chairman and CEO of AT&T Corp., will serve as Chairman of the new company upon the approval and closing of the merger. Brian Roberts will select the other AT&T Comcast senior management team in consultation with C. Michael Armstrong.

The proposed merger will result in a change in the ultimate control of AT&T Broadband Phone of Florida but will not involve any immediate change in the manner in which AT&T Broadband Phone of Florida provides service to its customers. The services currently being provided by AT&T Broadband Phone of Florida will continue to be offered immediately following the merger. Moreover, following the change, AT&T Broadband Phone of Florida will continue to be led by a team of well-qualified telecommunications managers, including existing AT&T Broadband personnel. Therefore, the merger will have no immediate impact on AT&T Broadband Phone of Florida's customers in terms of the services that they receive, and AT&T Comcast and AT&T Broadband Phone of Florida will honor all commitments to AT&T Broadband's existing customers.

Public Interest Benefits of the Merger

The merger of Comcast and AT&T Broadband resulting in the creation of AT&T Comcast promises a host of substantial public interest benefits – principally in accelerating the availability, and improving the delivery, of broadband, local telephony, and digital video services, and the more rapid introduction of other services, to millions of consumers in areas of 41 states – that would not be achieved as broadly or quickly without the merger. AT&T Comcast, through its broadband operating companies, will provide significant immediate and long-term benefits to customers throughout the merged company’s territory. Both the FCC and state commissions have repeatedly recognized the enormous consumer benefits that will flow from facilities-based local telephony competition in general, and specifically, from cable-delivered residential local service.⁵ Additionally, the FCC has twice recognized that the merger of an experienced telephony provider and a less experienced cable company attempting to provide telephony is “likely to benefit consumers by enhancing the merged entity’s ability to compete more effectively with incumbent local exchange companies...in providing facilities-based local telephony...to residential consumers.”⁶

Three years of real-world experience following the mergers of AT&T with TCI and MediaOne have confirmed the validity of federal and state regulatory findings in these prior proceedings. AT&T Broadband is now the industry leader for local and any-distance telephony delivered over cable systems. Despite formidable technological, economic and operational challenges, and starting from a total base of fewer than 60,000 established customers after the completion of the MediaOne merger, AT&T Broadband

⁵ See Collocation Remand Order, 16 FCC Rcd. 15435; UNE Remand Order, Par. 27; Building Access Notice, 14 FCC Rcd. 12,673, par. 4-7, 20; 2001 Video Competition Report, par. 50-54.

now markets cable telephony to over 7 million households, has over 1 million customers and 1.4 million lines, and continues to expand the availability of competitive local telephony services throughout the former TCI and MediaOne markets.

At great expense, time and effort, AT&T Broadband has developed unparalleled experience, expertise and customer recognition in the design, marketing, provisioning, operations and billing of local and any-distance cable telephony in a customer-friendly manner. This expertise is highly scalable, technology-neutral (i.e., it is applicable in both circuit-switched and voice over Internet Protocol environments), and can be applied immediately to additional cable systems.

By allowing AT&T Comcast to take full advantage of the AT&T Broadband learning curve, AT&T Comcast will be able to launch fully developed and market-tested offerings, and to accelerate the deployment and penetration of those offerings over the existing Comcast systems more quickly, less expensively and in a more customer-friendly manner.

The public interest benefits associated with accelerated facilities-based local telephony competition are greater now than ever. Six years post-passage of the 1996 Act, incumbent LECs continue to carry virtually all local exchange traffic.⁷ Incumbent LECs continue to erect barriers to non-facilities local competition (resale and network elements), causing the few remaining entrants to scale back entry plans. Cable telephony offers customers a facilities-based choice, with “last-mile” facilities, and is not as easily deterred by ILEC intransigence.

⁶ AT&T—MediaOne Order, par. 7; AT&T – TCI Merger Order, par. 145-48.

⁷ See generally Trends in Telephone Service, Industry Analysis Division, Common Carrier Bureau, ch. 9 (August 2001); Local Telephone Competition, Industry Analysis Division, Common Carrier Bureau (May 2001).

The merger will create the opportunity significantly to increase competition in Comcast's service areas by creating a number of efficiencies that directly address many of the most significant advantages that ILECs enjoy even against cable operators with their own facilities. Incumbent carriers enjoy enormous scale and clustering economies. The proposed merger will allow AT&T Comcast to spread the research, development and other significant up-front costs incurred when provisioning new cable telephony services over a broader customer base, thereby lowering the average cost per customer and increasing the combined company's ability to compete with the incumbent LECs.

AT&T Comcast will acquire AT&T Broadband's unparalleled marketing, technical and operations expertise in launching and providing residential cable telephony in new markets. Comcast currently has only limited telephony operations throughout the U.S. (Comcast inherited two small cable systems, one in Virginia/Maryland and the other in Michigan that were already upgraded to provide telephony), but this limited experience is much different in scope than attempting to deploy these services in the first instance. The ability profitably to offer competing local telephony service depends critically upon the time interval between the upgrade of the network and systems assets, and the time to market. The ability to realize revenue must follow closely the incurrence of the investment costs. A significant delay between the two can cause an otherwise profitable (on paper) enterprise to turn negative and collapse.

AT&T Comcast also will acquire AT&T Broadband's infrastructure and personnel essential to the rapid deployment of cable telephony service with the high level of quality necessary to compete successfully over the long term with the services of incumbent LECs. AT&T Broadband designed and scaled its services, centers, customer

care and overall approach not just to support existing telephony offerings, but to support deeper penetration into existing markets and also to support new launches throughout the United States. It is critical to avoid network interruptions when deploying and provisioning complex cable telephony services. New customers demand high reliability and service, and once lost because of poor service is likely not to be regained. A new cable telephony operator cannot afford to earn a reputation for poor service quality in telephony and hope to compete against the incumbent providers.

To ensure successful telephony roll-outs, AT&T Broadband has in place centralized personnel and systems to support the design, maintenance and operation of the complex two-way hybrid fiber-coaxial cable network and systems that must support digital voice and data applications, and must interconnect with copper, twisted wire and fiber optic technologies used by incumbent LECs. AT&T Broadband has in place a National Operations Team to provide support on a wide range of planning, engineering, technical and operational issues; and a Technical Operations Organization that has developed and implemented operational performance metrics to ensure quality cable telephony services, effective training of technicians and field fulfillment personnel, cost-effective resolution of trouble reports and subject matter expertise for corporate and field marketing initiatives. Post merger, these existing processes and systems, developed and refined at significant cost by AT&T Broadband, can be applied to Comcast's network and operations at little additional cost.

In order to provide local and any distance telephony, a cable provider must interconnect to, and coordinate essential functions with, incumbent LECs (both large and small, including independent companies), other competitive LECs, and a variety of third

parties to ensure proper set-up and call completion; rating, recording and billing accuracy; number portability; emergency services; and a host of other database-related functions and services. AT&T Broadband's National Service Assurance Center supports the provisioning of customer telephone lines (including the matching of switching and head-end equipment), end-user provisioning, third-party provisioning, and local number portability and emergency services, and will be available to the merged company immediately upon closing.

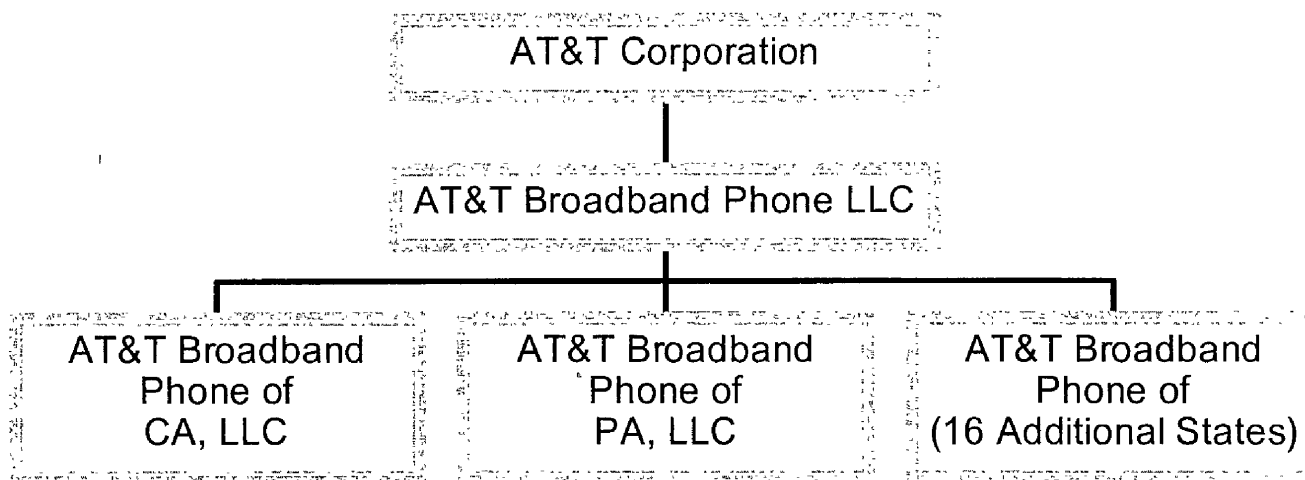
Consummation of the proposed transaction will therefore well serve the public interest. It will serve to promote competition among providers of local exchange services, by combining the financial resources (See attached Exhibit 1,) and complementary managerial skills, network facilities, and market capabilities of Comcast and AT&T Broadband to enhance their collective ability to provide telecommunications services to the customers in Florida.

There will be significant consumer welfare gains achieved by creating AT&T Comcast, which will be one of the leading communications companies in the world. Consumers will continue to enjoy the scope and variety of AT&T Broadband services currently offered, with potential expansion through advancing technologies and cable upgrades from a large, more robust company wholly focused on facilities-based telecommunications service, and able to withstand current economic trends within the telecommunications industry.

AT&T Broadband will simply experience a change in parental control with little or no impact to the AT&T Broadband telephony operation in existence in Florida today. From the customer perspective, the change of control of AT&T Broadband will be

transparent since this merger will not cause any change in service or service offerings of AT&T Broadband Phone of Florida, LLC d/b/a/ AT&T Digital Phone during this transition.

CURRENT VIEW



FINAL VIEW

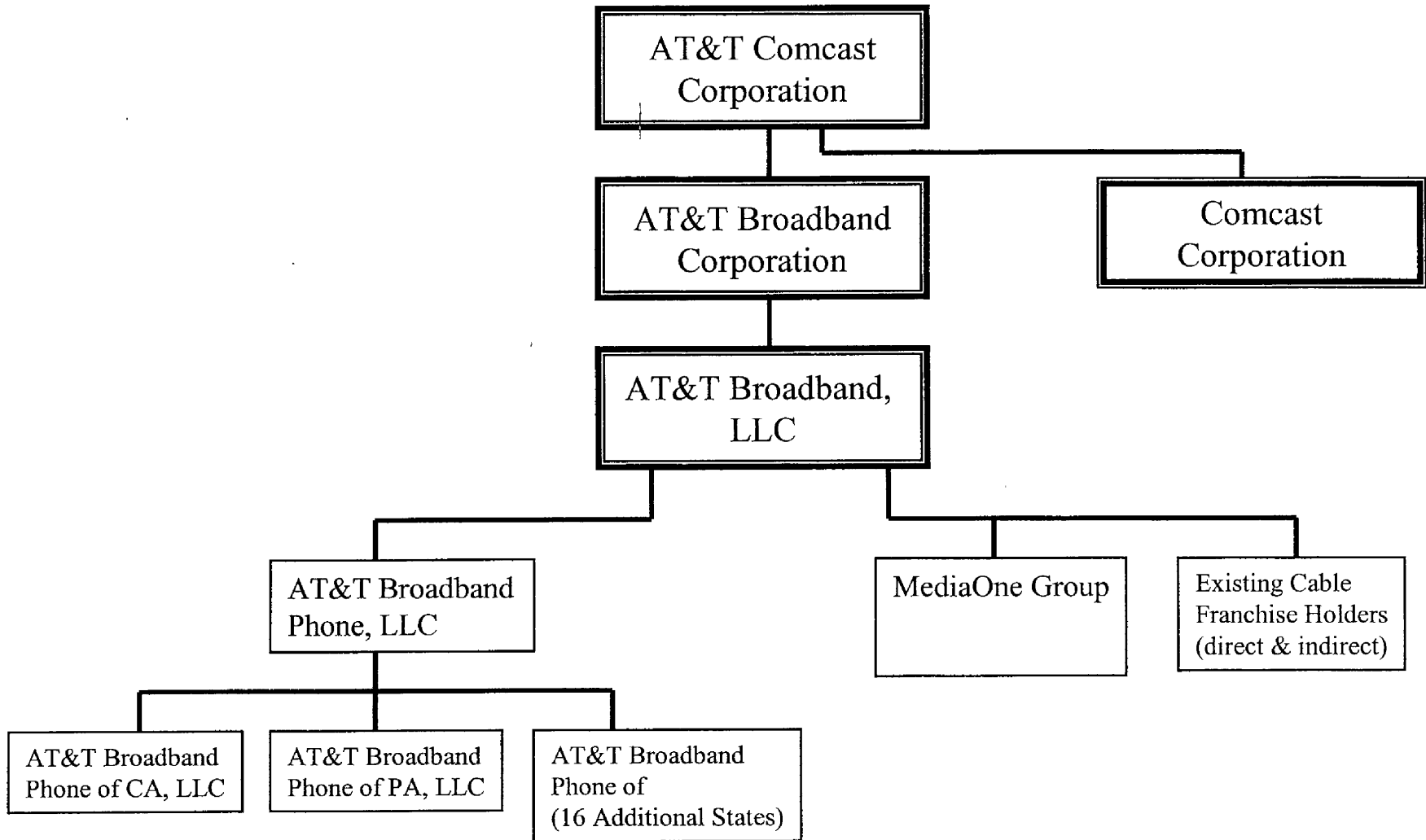


EXHIBIT 1 – AT&T COMCAST FINANCIAL INFORMATION

CHAPTER THREE
FINANCIAL INFORMATION RELATING TO THE AT&T COMCAST TRANSACTION
AT&T COMCAST CORPORATION

UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS

The following Unaudited Pro Forma Combined Condensed Balance Sheet of AT&T Comcast as of September 30, 2001 gives effect to the AT&T Comcast transaction. The following Unaudited Pro Forma Combined Condensed Statements of Operations of AT&T Comcast for the nine months ended September 30, 2001 and for the year ended December 31, 2000 give effect to the AT&T Comcast transaction and AT&T's acquisition of MediaOne Group, which occurred on June 15, 2000. The pro forma financial statements reflect the fact that the AT&T Comcast transaction and the MediaOne acquisition are accounted for under the purchase method of accounting.

Since the acquisition of MediaOne Group occurred prior to September 30, 2001, the financial position of MediaOne Group has been included in the historical combined AT&T Broadband Group balance sheet as of September 30, 2001. The Unaudited Pro Forma Combined Condensed Balance Sheet assumes the AT&T Comcast transaction occurred on September 30, 2001. The Unaudited Pro Forma Combined Condensed Statements of Operations assume the AT&T Comcast transaction and AT&T's acquisition of MediaOne Group occurred on January 1, 2000. The unaudited pro forma financial data is based on the historical consolidated financial statements of Comcast, the historical combined financial statements of AT&T Broadband Group and the historical consolidated financial statements of MediaOne Group under the assumptions and adjustments set forth in the accompanying explanatory notes.

AT&T and Comcast have determined that the AT&T Comcast transaction will be accounted for as an acquisition by Comcast of AT&T Broadband Group. As Comcast is considered the accounting acquiror, the historical basis of Comcast's assets and liabilities will not be affected by the AT&T Comcast transaction. For purposes of developing the Unaudited Pro Forma Combined Condensed Balance Sheet as of September 30, 2001, AT&T Broadband Group's assets, including identifiable intangible assets, and liabilities have been recorded at their estimated fair values and the excess purchase price has been assigned to goodwill. The fair values assigned in these pro forma financial statements are preliminary and represent management's best estimates of current fair value which are subject to revision upon completion of the AT&T Comcast transaction. Management of both companies currently knows of no events or circumstances other than those disclosed in these pro forma notes that would require a material change to the preliminary purchase price allocation. However, a final determination of required purchase accounting adjustments will be made upon the completion of a study to be undertaken by AT&T Comcast in conjunction with independent appraisers to determine the fair value of certain of AT&T Broadband Group's assets, including identifiable intangible assets, and liabilities. Assuming completion of the AT&T Comcast transaction, the actual financial position and results of operations will differ, perhaps significantly, from the pro forma amounts reflected herein due to a variety of factors, including access to additional information, changes in value not currently identified and changes in operating results between the dates of the pro forma financial data and the date on which the AT&T Comcast transaction takes place. See Note (b) to Unaudited Pro Forma Combined Condensed Balance Sheet.

Comcast stockholders will receive shares of AT&T Comcast Class A common stock, AT&T Comcast Class B common stock and AT&T Comcast Class A Special common stock in exchange for shares of Comcast Class A common stock, Comcast Class B common stock and Comcast Class A Special common stock, respectively, based on an exchange ratio of 1 to 1. AT&T Comcast will issue stock options to purchase shares of AT&T Comcast common stock in exchange for all outstanding stock options of Comcast, based on an exchange ratio of 1 to 1. See "Certain Legal Information — Comparison of AT&T, Comcast and AT&T Comcast Shareholder Rights" for a description and comparison of the rights of each class of common stock.

The estimated aggregate consideration and Comcast's transaction costs directly related to the AT&T Comcast transaction total \$49,235.6 million. This includes the fair value of the issuance of approximately 1,231 million shares of AT&T Comcast common stock to AT&T shareholders in exchange for all of AT&T's interests in AT&T Broadband Group, the fair value of the issuance of 115.0 million shares of AT&T Comcast common stock to Microsoft Corporation in exchange for AT&T Broadband Group shares that Microsoft will receive immediately prior to the completion of the AT&T Comcast transaction for settlement of their \$5 billion aggregate principal amount in quarterly income preferred securities (QUIPS), the fair value of AT&T Comcast stock options and stock appreciation rights issued in exchange for AT&T Broadband Group stock options and stock appreciation rights and Comcast's estimated transaction costs directly related to the AT&T Comcast transaction. The fair value of the shares to be issued for AT&T Broadband Group is based on a price per share of \$35.97 which reflects the weighted-average market price of Comcast Class A Special common stock during the period beginning two days before and ending two days after the AT&T Comcast transaction was announced. In limited circumstances the number of shares issued to AT&T shareholders is subject to adjustment. In the event this occurs, the fair value of all of the shares to be issued would be based on the market price of Comcast Class A Special common stock on the closing date. In addition to the consideration paid, AT&T Comcast will refinance \$7,819.6 million of debt and accrued interest assumed from AT&T Broadband Group based on the pro formas.

AT&T Comcast intends to review the synergies of the combined business, which may result in a plan to realign or reorganize certain of AT&T Broadband Group's existing operations. The costs of implementing such a plan, if it were to occur, have not been reflected in the accompanying pro forma financial statements. The impact of a potential realignment, assuming such a plan were in place at the consummation date of the AT&T Comcast transaction, could increase or decrease the amount of goodwill and intangible assets recognized by AT&T Comcast in accordance with Emerging Issues Task Force No. 95-3, "Recognition of Liabilities in Connection with a Purchase Business Combination." The Unaudited Combined Condensed Statements of Operations exclude any benefits that may result from synergies that may be derived, or the elimination of duplicative efforts.

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

Comcast incurred goodwill and cable franchise operating rights amortization expense of approximately \$1,556.0 million and \$1,473.0 million for the year ended December 31, 2000 and nine months ended September 30, 2001, respectively. The historical consolidated financial statements of Comcast included in the Unaudited Pro Forma Combined Condensed Statements of Operations include the amortization expense related to Comcast's goodwill and cable franchise operating rights, which has not been eliminated in the pro forma adjustments. Effective January 1, 2002, Comcast will, in accordance with the provisions of SFAS 142, no longer amortize goodwill and cable franchise operating rights.

The pro forma financial data presented assumes the AT&T Comcast transaction is completed under the Preferred Structure (see "Description of the AT&T Comcast Transaction Agreements — The Merger Agreement — Merger Consideration — The Preferred Structure"). However, if the AT&T Comcast transaction were completed under the Alternative Structure (see "Description of the AT&T Comcast Transaction Agreements — The Merger Agreement — Merger Consideration — The Alternative Structure"), this would have no impact on the pro forma financial statements as presented. Management

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

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

AT&T COMCAST CORPORATION
UNAUDITED PRO FORMA COMBINED CONDENSED BALANCE SHEET
As of September 30, 2001

	<u>Historical Comcast (a)</u>	<u>Historical AT&T Broadband (a)</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma AT&T Comcast</u>
	(Dollars in millions)			
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 658.4	\$ 253.0		\$ 911.4
Investments	1,271.9			1,271.9
Accounts receivable, net	829.7	604.0		1,433.7
Inventories, net	504.3			504.3
Other current assets	165.5	570.0	25.0 (b1)	760.5
Total current assets	<u>3,429.8</u>	<u>1,427.0</u>	<u>25.0</u>	<u>4,881.8</u>
			1,878.2 (b2)	
INVESTMENTS	<u>3,302.3</u>	<u>22,492.0</u>	<u>(1,701.0) (d)</u>	<u>25,971.5</u>
PROPERTY AND EQUIPMENT, net	<u>7,001.7</u>	<u>14,292.0</u>		<u>21,293.7</u>
INTANGIBLE ASSETS				
Goodwill	7,168.3	20,008.0	(2,683.7) (b3)	24,492.6
Cable franchise operating rights	19,938.1	45,513.0	(2,226.0) (b4)	63,225.1
Other intangible assets	2,772.1			2,772.1
	29,878.5	65,521.0	(4,909.7)	90,489.8
Accumulated amortization	(5,503.2)	(2,841.0)	2,841.0 (b5)	(5,503.2)
	<u>24,375.3</u>	<u>62,680.0</u>	<u>(2,068.7)</u>	<u>84,986.6</u>
OTHER NON-CURRENT ASSETS	<u>672.3</u>	<u>3,370.0</u>	<u>25.0 (b6)</u>	<u>4,067.3</u>
	<u>\$38,781.4</u>	<u>\$104,261.0</u>	<u>\$ (1,841.5)</u>	<u>\$141,200.9</u>
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 3,294.0	\$ 2,692.2	\$ 1,023.8 (b7)	\$ 7,010.0
Accrued interest	191.5	228.8	(48.4) (c)	371.9
Deferred income taxes	194.6			194.6
			25.0 (b8)	
Short-term debt		5,390.0	(1,480.2) (c)	3,934.8
Current portion of long-term debt	554.4	572.0		1,126.4
Total current liabilities	<u>4,234.5</u>	<u>8,883.0</u>	<u>(479.8)</u>	<u>12,637.7</u>
			250.0 (b8)	
			(11.9) (b9)	
LONG-TERM DEBT, less current portion	<u>11,494.8</u>	<u>17,312.0</u>	<u>1,528.6 (c)</u>	<u>30,573.5</u>
DEFERRED INCOME TAXES	<u>6,453.1</u>	<u>25,659.0</u>	<u>276.7 (b10)</u>	<u>32,388.8</u>
			(179.0) (b11)	
OTHER NON-CURRENT LIABILITIES	<u>806.2</u>	<u>974.0</u>	<u>(253.9) (b12)</u>	<u>1,347.3</u>
MINORITY INTEREST	<u>954.0</u>	<u>3,319.0</u>	<u>(2,117.8) (b13)</u>	<u>2,155.2</u>
Company-Obligated Convertible Quarterly Income Preferred Securities of Subsidiary Trust Holding Solely Subordinated Debt Securities of AT&T		4,718.0	(4,718.0) (b14)	
STOCKHOLDERS' EQUITY				
Common stock	944.9		1,346.0 (b15)	
			(47.3) (d)	2,243.6
Additional capital	11,742.6		(1,653.7) (d)	
Retained earnings	1,952.0		47,614.6 (b15)	57,703.5
Accumulated other comprehensive income	199.3			199.3
Combined attributed net assets		43,396.0	(43,396.0) (b16)	
Total stockholders' equity	<u>14,838.8</u>	<u>43,396.0</u>	<u>3,863.6</u>	<u>62,098.4</u>
	<u>\$38,781.4</u>	<u>\$104,261.0</u>	<u>\$ (1,841.5)</u>	<u>\$141,200.9</u>

See notes to Unaudited Pro Forma Combined Condensed Balance Sheet

AT&T COMCAST CORPORATION

NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED BALANCE SHEET
(Dollars in millions, except per share amounts)

- (a) These columns reflect the historical balance sheets of the respective companies. Certain reclassifications have been made to the consolidated historical financial statements of Comcast and to the combined historical financial statements of AT&T Broadband Group to conform to the presentation expected to be used by AT&T Comcast.
- (b) This entry reflects the preliminary allocation of the purchase price to identifiable net assets acquired and the excess purchase price to goodwill.

	<u>Common Stock</u>	<u>Additional capital</u>	<u>Total</u>
Calculation of consideration			
Issuance of common stock to AT&T shareholders (1,231.0 million shares * \$35.97)	\$1,231.0(i)	\$43,048.1	\$ 44,279.1
Issuance of common stock to Microsoft Corporation (115.0 million shares * \$35.97)	115.0	4,021.6	4,136.6
Fair value of AT&T Comcast stock options resulting from the conversion of AT&T Broadband Group stock options in the merger based on Black-Scholes option pricing model		544.9	544.9
(b15) Comcast common stock equity consideration	1,346.0	47,614.6	48,960.6
(b8) Transaction costs (assumed to be funded — \$25.0 short-term debt and \$250.0 long-term debt)			275.0
Total consideration			<u>\$ 49,235.6</u>
Preliminary estimate of fair value of identifiable net assets acquired:			
(b16) Book value of AT&T Broadband Group			\$ 43,396.0
Elimination of gross AT&T Broadband Group goodwill			(20,008.0)
(b1) Current portion of deferred financing fees			25.0
(b2) Preliminary estimate of adjustment to fair value of investments			1,878.2
(b4) Preliminary estimate of adjustment to fair value of cable operating franchise rights			(2,226.0)
(b5) Elimination of AT&T Broadband Group accumulated amortization			2,841.0
(b6) Long-term portion of deferred financing fees			25.0
(b7) Preliminary estimate of current tax liability arising from the transaction			(1,023.8)
(b9) Preliminary estimate of fair value of AT&T Broadband Group assumed long-term debt			11.9
(b10) Preliminary estimate of adjustment to deferred tax liability on pro forma adjustments at combined federal and state statutory rate			(276.7)
(b11) Certain liabilities retained by AT&T			179.0
(b12) Preliminary estimate of adjustment to fair value of other non- current liabilities			253.9
(b13) Liabilities retained by AT&T related to TCI Pacific Preferred shares			2,117.8
(b14) Redemption of Microsoft Corporation QUIPS			4,718.0
Preliminary estimate of fair value of identifiable net assets acquired			<u>31,911.3</u>
Acquisition goodwill			<u>\$ 17,324.3</u>
Calculation of goodwill acquisition adjustment			
Acquisition goodwill			\$ 17,324.3
Gross value of AT&T Broadband Group goodwill			(20,008.0)
(b3) Goodwill acquisition adjustment			<u>\$ (2,683.7)</u>
(i) Maximum number of shares of common stock that could be issued in the AT&T Broadband merger	1,235.0		
Share equivalent of intrinsic value of AT&T Broadband Group stock options and stock appreciation rights	(4.0)		
Common stock to be issued to AT&T shareholders	<u>1,231.0</u>		

Certain programming and other contracts of AT&T Broadband and Comcast may, by their terms, be assumed, altered or terminated as a result of the completion of the AT&T Comcast transaction. However, due to confidentiality provisions in those contracts as well as legal restrictions, those terms cannot be shared between the two parties as of the date of this proxy. Therefore, management cannot currently estimate the impact, if any, of favorable or unfavorable contracts that may result from the ultimate allocation of purchase price. See note (m) to the Unaudited Pro Forma Combined Condensed Statements of Operations for a sensitivity analysis of the purchase price allocation.

- (c) Represents the refinancing of existing short-term debt due to AT&T (\$5,390.0) and certain long-term debt (\$2,381.2 plus accrued interest of \$48.4) with new debt of AT&T Comcast. The refinancing is assumed to be funded half with short-term debt and half with long-term debt.
- (d) Represents the reclassification of AT&T Broadband Group's investment in Comcast as follows:

Elimination of Comcast stock held by AT&T Broadband Group.....	\$ (1,701.0)
Reclassification of Comcast stock held by AT&T Broadband Group to equity (par value common stock \$47.3 and additional capital \$1,653.7)	1,701.0
	\$ —

AT&T COMCAST CORPORATION
UNAUDITED PRO FORMA COMBINED CONDENSED STATEMENT OF OPERATIONS
For the year ended December 31, 2000

	Historical Comcast (a)	Historical AT&T Broadband (a)	Historical MediaOne 1/1/00-6/14/00 (a)	Intercompany- Adjustments	Pro Forma Adjustments (e)	Pro Forma AT&T Comcast (m)
(Dollars in millions, except per share amounts)						
REVENUES						
Service revenues	\$ 4,682.7	\$ 8,445.0	\$ 1,325.0	\$ (65.1) (b)		\$14,387.6
Net sales from electronic retailing	3,535.9					3,535.9
	<u>8,218.6</u>	<u>8,445.0</u>	<u>1,325.0</u>	<u>(65.1)</u>		<u>17,923.5</u>
COSTS AND EXPENSES						
Operating	2,212.5	4,600.0	554.0	(21.5) (b)		7,345.0
Cost of goods sold from electronic retailing	2,284.9					2,284.9
Selling, general and administrative	1,250.9	2,180.0	342.0	(21.6) (b)		3,751.3
Depreciation	837.3	1,674.0	435.0			2,946.3
Amortization	1,794.0	2,377.0	271.0		(2,435.8) (f)	2,006.2
Asset impairment, restructuring and other charges		6,270.0				6,270.0
	<u>8,379.6</u>	<u>17,101.0</u>	<u>1,602.0</u>	<u>(43.1)</u>	<u>(2,435.8)</u>	<u>24,603.7</u>
OPERATING LOSS	(161.0)	(8,656.0)	(277.0)	(22.0)	2,435.8	(6,680.2)
OTHER INCOME (EXPENSE)						
Interest expense	(691.4)	(1,323.0)	(312.0)		103.7 (g) 25.4 (h)	(2,197.3)
Investment income (expense)	983.9	(84.0)		(37.4) (b)		862.5
Income related to indexed debt	666.0					666.0
Equity in net income (losses) of affiliates	(21.3)			(67.0) (b)	(967.0) (i)	(570.3)
Other income (expense)	2,825.5	45.0	3,341.0	(2,756.0) (c)	485.0 (f)	3,455.5
	<u>3,762.7</u>	<u>(1,362.0)</u>	<u>3,029.0</u>	<u>(2,860.4)</u>	<u>(352.9)</u>	<u>2,216.4</u>
INCOME (LOSS) BEFORE INCOME TAXES, MINORITY INTEREST, EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	3,601.7	(10,018.0)	2,752.0	(2,882.4)	2,082.9	(4,463.8)
INCOME TAX (EXPENSE) BENEFIT	(1,441.3)	1,183.0	(1,189.0)	1,181.0 (d)	370.0 (i) (721.1) (j)	(617.4)
INCOME (LOSS) BEFORE MINORITY INTEREST, EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	2,160.4	(8,835.0)	1,563.0	(1,701.4)	1,731.8	(5,081.2)
Net loss from equity investments		(597.0)			597.0 (i)	
MINORITY INTEREST INCOME (EXPENSE)	(115.3)	4,062.0		(106.0) (b)	160.0 (k)	4,000.7
INCOME (LOSS) BEFORE EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	2,045.1	(5,370.0)	1,563.0	(1,807.4)	2,488.8	(1,080.5)
PREFERRED DIVIDENDS	(23.5)					(23.5)
INCOME (LOSS) FOR COMMON STOCKHOLDERS BEFORE EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	<u>\$ 2,021.6</u>	<u>\$ (5,370.0)</u>	<u>\$ 1,563.0</u>	<u>\$ (1,807.4)</u>	<u>\$ 2,488.8</u>	<u>\$ (1,104.0)</u>
Earnings (loss) per share from continuing operations before extraordinary items — basic	\$ 2.27					\$ (0.50)
Earnings (loss) per share from operations before extraordinary items — assuming dilution	\$ 2.16					\$ (0.50)
Weighted average number of common shares outstanding — basic	890.7				1,298.7 (l)	2,189.4
Weighted average number of common shares outstanding — assuming dilution	948.7				1,302.7 (l)	2,251.4

See Notes to Unaudited Pro Forma Combined Condensed Statement of Operations

AT&T COMCAST CORPORATION
UNAUDITED PRO FORMA COMBINED CONDENSED STATEMENT OF OPERATIONS
For the nine months ended September 30, 2001

	Historical Comcast (a)	Historical AT&T Broadband (a)	Intercompany Adjustments	Pro Forma Adjustments (e)	Pro Forma AT&T Comcast (m)
	(Dollars in millions, except per share amounts)				
REVENUES					
Service revenues	\$4,195.0	\$ 7,756.0	\$ (96.7) (b)	\$	\$11,854.3
Net sales from electronic retailing	2,655.1				2,655.1
	<u>6,850.1</u>	<u>7,756.0</u>	<u>(96.7)</u>		<u>14,509.4</u>
COSTS AND EXPENSES					
Operating	1,991.6	4,245.0	(56.2) (b)		6,180.4
Cost of goods sold from electronic retailing	1,685.6				1,685.6
Selling, general and administrative	1,125.8	1,951.0	(17.0) (b)		3,059.8
Depreciation	760.4	1,952.0			2,712.4
Amortization	1,698.7	1,681.0		(1,462.4) (f)	1,917.3
Asset impairment, restructuring and other charges		1,494.0			1,494.0
	<u>7,262.1</u>	<u>11,323.0</u>	<u>(73.2)</u>	<u>(1,462.4)</u>	<u>17,049.5</u>
OPERATING LOSS	(412.0)	(3,567.0)	(23.5)	1,462.4	(2,540.1)
OTHER INCOME (EXPENSE)					
				217.3 (g)	
Interest expense	(549.2)	(1,347.0)		19.1 (h)	(1,659.8)
Investment income (expense)	1,045.7	(1,245.0)	(18.7) (b)		(218.0)
				(43.0) (i)	
Equity in net income (losses) of affiliates	(26.1)			120.0 (f)	50.9
Other income (expense)	1,180.9	(911.0)			269.9
	<u>1,651.3</u>	<u>(3,503.0)</u>	<u>(18.7)</u>	<u>313.4</u>	<u>(1,557.0)</u>
INCOME (LOSS) BEFORE INCOME TAXES, MINORITY INTEREST, EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	1,239.3	(7,070.0)	(42.2)	1,775.8 (494.8) (j)	(4,097.1)
INCOME TAX (EXPENSE) BENEFIT	(602.9)	3,214.0	(750.2) (d)	6.0 (i)	1,372.1
INCOME (LOSS) BEFORE MINORITY INTEREST, EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	636.4	(3,856.0)	(792.4)	1,287	(2,725.0)
Net loss in equity investments		(37.0)		37.0 (i)	
MINORITY INTEREST (EXPENSE) INCOME	(89.8)	905.0	(24.0) (b)	120.0 (k)	911.2
INCOME (LOSS) FOR COMMON STOCKHOLDERS BEFORE EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	<u>\$ 546.6</u>	<u>\$ (2,988.0)</u>	<u>\$ (816.4)</u>	<u>\$ 1,444.0</u>	<u>\$ (1,813.8)</u>
Earnings (loss) per share from continuing operations before extraordinary items and cumulative effect of accounting change — basic	\$ 0.58				\$ (0.81)
Earnings (loss) per share from continuing operations before extraordinary items and cumulative effect of accounting change — assuming dilution	\$ 0.56				\$ (0.81)
Weighted average number of common shares outstanding — basic	949.3			1,298.7 (l)	2,248.0
Weighted average number of common shares outstanding — assuming dilution	964.7			1,302.7 (l)	2,267.4

See Notes to Unaudited Pro Forma Combined Condensed Statement of Operations

AT&T COMCAST CORPORATION
NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED
STATEMENTS OF OPERATIONS
(Dollars in millions, except per share amounts)

- (a) These columns reflect the historical statements of operations of the respective companies. Certain reclassifications have been made to the consolidated historical financial statements of Comcast and the combined historical financial statements of AT&T Broadband Group to conform to the presentation expected to be used by AT&T Comcast.
- (b) Adjustment reflects the elimination of historical intercompany transactions between Comcast and AT&T Broadband Group as follows: amounts charged by Comcast to AT&T Broadband Group for programming, the gains and losses resulting from the sales of certain cable systems by AT&T Broadband Group to Comcast, the gains recorded by AT&T Broadband Group resulting from the fair value exchange of certain cable systems with Comcast and Excite@Home transactions.
- (c) Adjustment represents the gains recorded by Comcast resulting from intercompany transactions with AT&T Broadband Group for the year ended December 31, 2000.

Gain on systems exchanged	\$1,711.0
Gain on receipt of Excite@Home right	<u>1,045.0</u>
Total	<u>\$2,756.0</u>

- (d) Represents the aggregate pro forma income tax effect of Notes (b) and (c) above at the combined federal and state statutory rate.
- (e) AT&T Broadband Group has certain intercompany agreements with AT&T Corp. which will be terminated as of the date of the AT&T Comcast transaction. The costs of replacing these services is uncertain. However, the impact of the termination of these arrangements is not expected to be material.
- (f) Represents the elimination of AT&T Broadband Group's and MediaOne Group's historical goodwill and cable franchise operating rights amortization expense for consolidated subsidiaries and equity method investments. Under the accounting rules set forth in SFAS 142 issued by the Financial Accounting Standards Board in June 2001, goodwill and intangibles with indefinite lives are not amortized against earnings other than in connection with an impairment.
- (g) Represents the net effect on interest expense resulting from the financings described in Note (c) to the Unaudited Pro Forma Combined Condensed Balance Sheet. Pro forma interest expense was calculated based on the interest rates of the historical debt outstanding plus the interest rates of the planned credit facilities. The pro forma financial information assumes the financings occurred on January 1, 2000. Amortization of deferred financing costs was calculated based on the expected amounts and terms of the new facilities. Short-term rates are assumed to be 4% and long-term rates are assumed to be 7%. Assuming interest rates changed by 0.125%, the related interest expense and pre-tax impact on earnings would be \$9.7 for the year ended December 31, 2000 and \$7.3 for the nine months ended September 30, 2001.
- (h) Represents the decrease in interest expense as a result of the adjustment of AT&T Broadband Group's long-term debt to its fair value as described in Note (c) to the Unaudited Pro Forma Combined Condensed Balance Sheet. The difference between the fair value and the face amount of each borrowing is amortized as a reduction to interest expense over the remaining term of the borrowing.
- (i) Represents the reclassification of losses in equity investments to conform with the presentation currently used by Comcast.
- (j) Represents the aggregate pro forma income tax effect of Notes (f) through (h) above at the combined federal and state statutory rate.

- (k) Represents the elimination of historical dividends on QUIPS exchanged for AT&T Broadband Group common stock.
- (l) For basic earnings per share, this adjustment represents the issuance of AT&T Comcast shares to AT&T shareholders and Microsoft Corporation offset by shares of Comcast owned by AT&T Broadband Group which are classified as treasury shares (see Note (d) to the Unaudited Pro Forma Combined Condensed Balance Sheet). In addition, earnings per share assuming dilution has been adjusted to include the dilutive effects of AT&T Comcast stock options issued in exchange for the AT&T Broadband Group stock options.
- (m) The pro forma combined condensed financial statements reflect a preliminary allocation to tangible assets, liabilities, goodwill and other intangible assets. The final purchase price allocation may result in different allocations for tangible and intangible assets than that presented in these pro forma combined condensed financial statements. The following table shows the absolute dollar effect on pro forma net income (loss) applicable to common stockholders and net income (loss) per share assuming dilution for every \$500 of purchase price allocated to amortizable assets or certain liabilities over assumed weighted average useful lives. An increase in the purchase amount allocated to amortizable assets or a decrease in the amount allocated to certain liabilities will result in a decrease to net income. A decrease in the amount allocated to amortizable assets or an increase in the amount allocated to certain liabilities will result in an increase to net income.

<u>Weighted Average Life</u>	<u>Year Ended December 31, 2000</u>	<u>Nine Months Ended September 30, 2001</u>
Five years		
Net income	\$61.5	\$46.1
Per share	\$0.03	\$0.02
Ten years		
Net income	\$30.8	\$23.1
Per share	\$0.01	\$0.01
Twenty years		
Net income	\$15.4	\$11.5
Per share	\$0.01	\$0.01