Among the many special moments in what was the most memorable year in Comcast’s history, one particular morning will always stand out.

I was in the hangar bay of the USS Hornet, and aircraft carrier anchored in San Francisco Bay. This was the latest stop on a tour by our management team to visit the major cable markets we had just acquired from AT&T Broadband.

Over 3,500 Bay Area employees sat in front of us. I could sense the skepticism -- after all, most of them had worked for half a dozen different cable companies over the past decade, as systems changed hands from one owner to the next. I knew that our success would depend on winning their confidence. As Comcast Cable president Steve Burke, members of our management team and I laid out our plans and our vision, I began to feel a shift in their sentiment.

Then my father, Ralph Roberts, stood up to speak. This acquisition represented the culmination of his 40 years in the cable industry. The room fell silent. Ralph spoke of many things, including his passionate belief in the future of the cable industry -- a belief that he has passed onto me. He made it clear that we are committed to this business for the long term -- in fact, standing there with his incredible individual history in the industry, he personified this commitment.

“If we all look after each other, we can do great things together.”

Ralph spoke about our “old-fashioned” values and how integrity is our number one business principle. He talked warmly about the family feeling he has always worked to maintain at Comcast. He said, “If we all look after each other, we can do great things together.” He thanked everyone for their dedication, and suddenly the whole group rose as one in a spontaneous standing ovation. It was an amazing moment. Steve and I looked at each other; we were all beaming. I thought, “Ralph, you said it all -- and we are going to do great things.”

To do these great things, we are committed to reducing our debt in 2003 through the sale of approximately $5 billion in

We would like to introduce you to a new company with long-held values, a local company with a national reach, an industry leader with the passion of a start-up, a business committed to customers and to growth, a pioneer on the verge of an exciting new era. Welcome to the new Comcast.
non-strategic assets. This would leave us in as strong a financial position as we were unjust before acquiring AT&-T Broad- band. We will have essentially absorbed the entire acquisition in only one year and we will be on track to achieve positive free cash flow in 2004.

While I am proud of what we have accomplished this year, I am convinced that our greatest opportunities are still ahead of us. As we go forward, one of my principal objec-
tives is to ensure that Comcast remains the same locally man-
aged, entrepreneurial, family- spirited company it has always been. We want the Comcast name to be synonymous with consistently delivering innovative products and technologies, outstanding customer service and superior returns for share-
holders.

Also, just as important, we want to be recognized as a great place to work - an exciting company that is always moving forward and where every person has an opportunity to make a real difference.

Acquiring and suc- cessfully integrating AT&T Broadband was an immense undertaking, one that involved thousands of people inside and outside the company, hundreds of thousands of hours, and the sacrifice of many nights, week-
ends and vacations. I could not be more grateful to the wonder-
ful team that made the acquisi-
tion happen and to the many employees who are making this integration a success.

I would also like to thank Mike Armstrong and our new board members for supporting the steps we have taken this year to ensure that the new Comcast got off to such a strong start. From the begin-
ning, Mike has been totally committed to making this one of the most successful corporate integrations in recent history. We are united in our belief that Comcast is positioned to be the nation’s premier entertainment and communications company.

From my father’s original idea to buy a three-
channel cable system in Tupelo, Mississippi, to this incredible moment, it has been an amaz-
ing journey. Now we’re about to write a new chapter for Comcast and undoubtedly the most exciting one yet. With our national presence, our local fo-
cus, and a workforce of 82,000 outstanding men and women, we can help shape the future of television, the Internet, electronic commerce and telecommunications. We are committed to making the most of these opportunities, offering wonderful services to our customers, enriching our communities, and striving for superior returns for our shareholders. It is an honor for me to be entrusted to help lead this great company.

Thank you for your continuing support, and welcome to the new Comcast!

Brian L. Roberts
President and Chief Executive Officer
Comcast Corporation

March 17, 2003

IN MEMORY OF DANIEL AARON

We were deeply saddened by the death of Comcast co-founder Daniel Aaron in February 2003 after a long battle with Parkinson’s disease. A tenacious businessman, dedicated philanthropist and beloved friend, Dan served as Chairman and President of Comcast Cable until 1983 and on our board of directors until 1998 and was instrumental in establishing our company’s vision, values and tradition of performance. In his memory, we have established the Dan Aaron Service Award, which we will present annually to the local Comcast cable system that best exemplifies Dan’s spirit and provides the highest level of service to its customers.
DESCRIPTION OF OUR BUSINESSES

We are involved in three principal lines of business: Cable, Commerce and Content. The following section describes each of these lines of business.

We currently are the largest cable operator in the United States. As of December 31, 2002, our consolidated cable operations served 21.3 million subscribers in 41 states,

(1) On November 18, 2002, we consummated the Broadband acquisition. For information as of December 31, 2002, we provide data with respect to cable systems attributable to Comcast Holdings Corporation (formerly Comcast Corporation and now our wholly owned subsidiary) under the heading “Historical” and data with respect to cable systems attributable to Broadband under the heading “Newly Acquired.” The Broadband acquisition substantially increased the size of our cable operations and direct comparisons of our cable information for periods prior to November 18, 2002 to subsequent periods are not meaningful. The information as of December 31, 2002 excludes the operating statistics for the cable systems held for sale to Bresnan.

(2) In April 1999, we acquired a controlling interest in Jones Intercable, Inc. In January 2000, we acquired Lenfest Communications, Inc. and began consolidating the results of Comcast Cablevision of Garden State, L.P. In August 2000, we acquired Prime Communications LLC. On December 31, 2000 and January 1, 2001, we completed our cable system exchanges with AT&T and Adelphia Communications, respectively. In April and June 2001, we acquired cable systems serving an aggregate of approximately 697,000 subscribers from AT&T. The subscriber information as of December 31, 2000 excludes the effects of our exchange with AT&T.

(3) A home is “passed” if we can connect it to our distribution system without further extending the transmission lines. As described in Note 4 below, in the case of certain multiple dwelling units, or MDUs, homes “passed” are counted on an adjusted basis.

(4) Generally, a dwelling or commercial unit with one or more television sets connected to a system counts as one cable subscriber. In the case of certain MDUs, we count cable subscribers on an FCC equivalent basis.

(5) A subscriber is “digital ready” if the subscriber is in a
market where we have launched our digital cable service.

(6) A dwelling with one or more digital converter boxes counts as one digital cable subscriber. On average, as of December 31, 2002, each digital cable subscriber had 1.4 digital set-top boxes.

(7) A home is “available” if we can connect it to our distribution system without further upgrading the transmission lines and we offer the service in that area.

(8) Prior to the Broadband acquisition, the number of phone “available” homes and subscribers was not material. Passed 39.1 million homes, and provided digital cable to more than 6.6 million subscribers, high-speed Internet to more than 3.6 million subscribers and phone service to more than 1.4 million subscribers.

The table below summarizes certain information for our cable systems as of December 31 (homes and subscribers in thousands):

## Cable Services

We offer a variety of services over our cable networks, including traditional analog video, digital cable, high-speed Internet and phone service. Available service offerings depend on the bandwidth capacity of the cable system. The greater the bandwidth, the greater the information carrying capacity of the system. Prior to the Broadband acquisition, 86% of our cable subscribers were served by a system with a capacity of at least 750-4 MHz and 95% with a capacity of at least 550-MHz and capable of handling two-way communications. As of December 31, 2002, approximately 82% of our cable subscribers were served by a system with a capacity of at least 550-MHz and capable of handling two-way communications.

We expect to make substantial capital expenditures over the next two years to complete the rebuild and upgrade of the newly acquired cable systems. By deploying fiber optic cable and upgrading the technical quality of our cable networks, we can increase the reliability and capacity of our systems and we can deliver additional video programming and other services such as enhanced digital video, high-speed Internet and phone.
Our Class A common stock is included on Nasdaq under the symbol CMCSA and our Class A Special common stock is included on Nasdaq under the symbol CMCSK. There is no established public trading market for our Class B common stock. Our Class B common stock can be converted, on a share for share basis, into Class A or Class A Special common stock. The following table sets forth, for the indicated periods, the closing price range of our Class A and Class A special common stock as furnished by Nasdaq.

Our Board of Directors eliminated the quarterly cash dividend on all classes of our common stock in March 1999. We do not intend to pay dividends on our Class A, Class A Special or Class B common stock for the foreseeable future.

Holders of our Class A common stock in the aggregate hold 66 2/3% of the aggregate voting power of our capital stock. The number of votes that each share of our Class A common stock will have at any given time will depend on the number of shares of Class A common stock and Class B common stock then outstanding. If you hold shares of our Class A Special common stock, you cannot vote in the election of directors or otherwise, except where voting is required by law. In that case, if you hold Class A Special common stock, you will have the same number of votes per share as each of Class A common stock. Our Class B common stock has a 33 1/3% nondilutable voting interest and each share of Class B common stock has 15 votes per share. Mr. Brian L. Roberts beneficially owns all outstanding shares of our Class B common stock. Generally, including as to the election of directors, holders of Class A common stock and Class B common stock vote as one class except where class voting is required by law.

As of December 31, 2002, there were 1,410,983 record holders of our Class A common stock, 4,981 record holders of our Class A Special common stock and three record holders of our Class B common stock.

Overview

We have grown significantly in recent years through both strategic acquisitions and growth in our existing businesses. On November 18, 2002, we completed the acquisition of AT&T Corp.'s broadband business (the “Broadband Acquisition”). The Broadband acquisition substantially increased the size of our cable operations and caused sig-
nificant changes in our capital structure, including a substantially higher amount of debt. As a result, direct comparisons of our results of operations and financial condition for periods prior to November 18, 2002 to subsequent periods are not meaningful.

In February 2003, we announced that we had entered into a definitive agreement with Bresnan Broadband Holdings, LLC and Bresnan Communications, LLC (together “Bresnan”) pursuant to which we agreed to transfer to Bresnan cable systems serving approximately 317,000 subscribers in Montana, Wyoming, Colorado and Utah that we had acquired in connection with the Broadband acquisition. We reflect these systems as assets held for sale in our consolidated statement of operations. Accordingly, we have excluded these systems’ results in our discussions of liquidity and capital resources, statement of cash flows and results of operations for all periods presented.

We have historically met our cash needs for operations through our cash flows from operation activities. We have generally financed our acquisitions and capital expenditures through issuances of our common stock, borrowings of long-terms debt, sales of investments and from existing cash, cash equivalents and short-term investments.
### Consolidated Balance Sheet

**Dollars in millions, except share data**

#### Assets

**CURRENT ASSETS**
- Cash and cash equivalents: $781
- Investments: 3,266
- Accounts receivable, less allowance for doubtful accounts of $233 and $154: 1,383
- Inventories, net: 479
- Assets held for sale: 613
- Deferred income taxes: 129
- Other current assets: 425

**Total current assets**: 7,076

**INVESTMENTS**
- Property and equipment, net of accumulated depreciation of $4,061 and $2,726: 15,207
- Franchise rights: 18,866
- Goodwill: 48,222
- Other intangible assets, net accumulated amortization of $1,022 and $665: 5,599
- Other noncurrent assets: 738

**Total assets**: $113,105

#### Liabilities and Stockholders’ Equity

**CURRENT LIABILITIES**
- Accounts payable: 5,649
- Accrued expenses and other current liabilities: 13
- Liabilities related to assets held for sale: 1,105
- Deferred income taxes: 3,750
- Short-term debt: 3,203
- Current portion of long-term debt: 27,957

**Total current liabilities**: 30,922

**LONG-TERM DEBT, less current portion**: 23,110

**DEFERRED INCOME TAXES**: 5,652

**OTHER NONCURRENT LIABILITIES**: 2,674

**MINORITY INTEREST**:

**COMMITMENTS AND CONTINGENCIES (NOTE 13)**

**STOCKHOLDERS’ EQUITY**

- Preferred stock - authorized 20,000,000 shares; issued, zero
  - Class A common stock, $0.01 par value - authorized, 7,500,000,000 shares; issued, 1,599,014,148 and 21,829,422; outstanding, 1,355,373,648 and 21,829,422: 16
- Class A special common stock, $0.01 par value - authorized, 7,500,000,000 shares; issued 930,633,433 and 937,256,465; outstanding 883,343,590 and 913,931,554: 9
- Class B common stock, $0.01 par value - authorized, 75,000,000 shares; issued, 9,444,375: 44,620
- Additional capital: 1,340
- Treasury Stock, 243,640,500 Class A common shares and 47,289,843 Class A special common shares: (7,517)
- Total stockholders’ equity: 38,329

**Total stockholders’ equity**: $113,105
1. ORGANIZATION AND BUSINESS

Comcast Corporation (formerly AT&T Comcast Corporation) and its subsidiaries (the “Company”) was incorporated in December 2001 to effect the acquisition of AT&T Corp.’s (“AT&T”) broadband division (“Broadband”). On November 18, 2002, the Company, Comcast Holdings Corporation (formerly Comcast Corporation) (“Comcast Holdings”) and AT&T completed a transaction that resulted in the combination of Comcast Holdings and Broadband (the “Broadband acquisition”). Upon completion of the Broadband acquisition, Comcast Holdings and Broadband are wholly owned subsidiaries of the Company, with Comcast Holdings at the predecessor to the Company. Accordingly, the accompanying financial statements include the results of Comcast Holdings for all periods presented and the results of Broadband from the date of the Broadband acquisition (see Note 5).

The Company is involved in three principle lines of business: cable, commerce and content.

The Company’s cable business is principally involved in the development, management and operation of broadband communications networks in the United States. The Company’s consolidated cable operations served approximately 85.9 million homes in the US, approximately 11.4 million homes in the United Kingdom (“UK”), approximately 25.8 million homes in Germany and approximately 8.4 million homes in Japan as of December 31, 2002.

The company conducts its commerce business through its consolidated subsidiary, QVC, Inc. (“QVC”), Outdoor Life Network (“OLN”) and G4 Media, LLC (“G4”, and through other programming investments (see Note 5). The Company’s content business also includes the Company’s three 24-hour regional sports programming networks, Comcast SportsNet (“CSN”), Comcast SportsNet Mid-Atlantic (“CSN Mid-atlantic”) and Cable Sports Southeast (“CSS”). The Company’s regional sports programming networks are included in the Company’s cable segment as they derive a substantial portion of their revenues from the Company’s cable operations and are managed by cable segment management.

The Company’s cable and commerce operations represent the Company’s two reportable segments under accounting principles generally accepted in the United States.
See Note 14 for a summary of the Company’s financial data by business segment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation
The consolidated financial statements include the accounts of the Company and all entities that the Company directly or indirectly controls. All significant intercompany accounts and transactions among consolidated entities have been eliminated.

Variable Interest Entities
The Company accounts for its interests in variable interest entities in accordance with Financial Accounting Standards Board (“FASB”) Interpretation No. 46, “Consolidation of Variable Interest Entities” (“FIN 46”). The Company consolidates all variable interest entities for which it is the primary beneficiary and for which the entities do not effectively disperse risks among parties involved.

Variable interest entities that effectively disperse risks are not consolidated unless the Company holds an interest or combination of interests that effectively recombines risks that were previously dispersed. The Company adopted the initial recognition and measurement provisions of FIN.