
Value Creation Through Synergies

Steve Burke
President
Comcast Cable

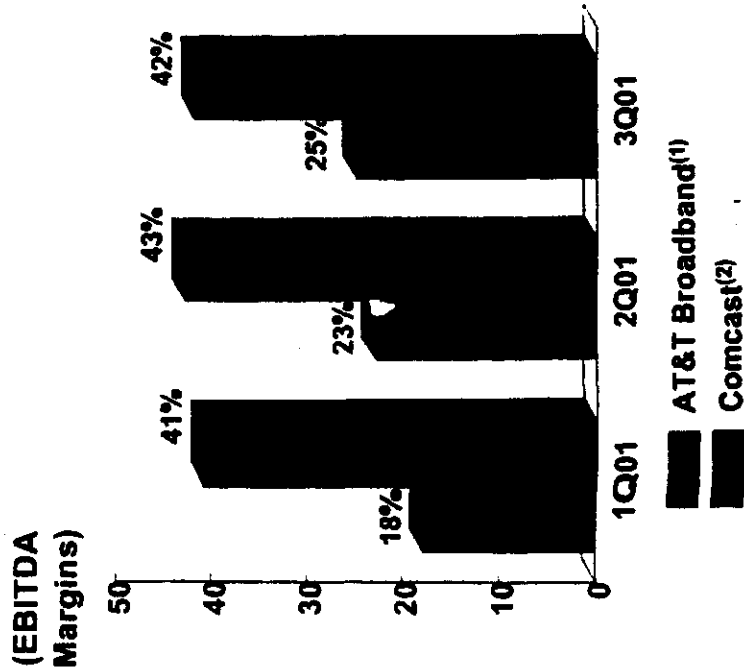
Value Creation Through Synergies

Annual synergies approaching \$2B

	<u>Annual</u> <u>EBITDA Impact (\$M)</u>	<u>Timing</u>
Programming Cost Savings	\$250-450	1-3 years
Continued Operating Efficiencies	\$200-300	1-3 years
National Advertising Platform	\$100-200	1-3 years
New Products	\$100-200	3 years
Comcast Telephony	<u>\$600-800</u>	5 years
Total	\$1,250-1,950	
Net Present Value	\$13,500	

Value Creation Through Synergies

Substantial EBITDA margin improvement opportunity in addition to synergies



Comcast Margin	42%
AT&T Broadband Margin	25%
Difference	17%

AT&T Broadband '01 Revenue⁽³⁾ x \$9.6B
Potential Margin Improvement \$1.6B

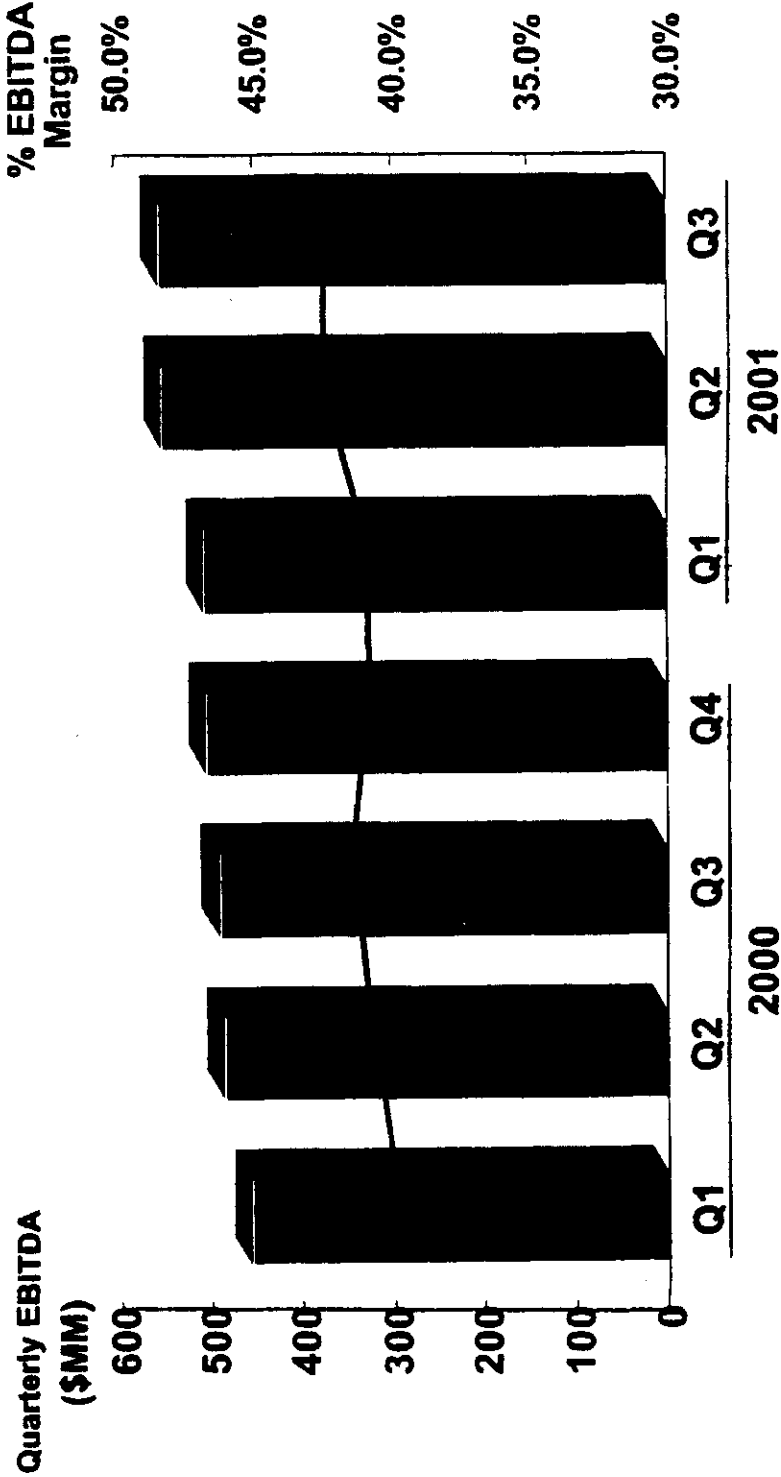
Projected EBITDA growth approaching 20%

Source: Company Reports
 Notes: (1) AT&T Broadband margins exclude restructuring and other changes.
 (2) Margins include 75% corporate overhead allocation.
 (3) Annualized 3Q01 AT&T Broadband revenues.

Value Creation Through Synergies

Comcast's strong EBITDA margins maintained even as lower margin systems are integrated

- Comcast integrated 1.7 million subscribers in 2000 and 1.9 million subscribers in the first two quarters of 2001



Note: Margins include 75% corporate overhead allocation. 30
Includes all system sales and swaps.



Value Creation Through Synergies

\$5B + value content creation opportunity

- Scale enables cost-effective and profitable content creation
 - 22 million subscribers
 - Reduced risk in start-up phase
 - Access to quality programming
 - More attractive to advertising sponsors
- Leverages Comcast's success in content development to date
- Launch of additional channels will create significant value

Financial Review

Chuck Noski
Chief Financial Officer
AT&T

Financially Powerful Combination with Strong Credit Position

- Estimated pro forma EBITDA of \$4.6B
- Retains maximum financial and strategic flexibility
- Accelerating free cash flow provides additional debt capacity
- Focus on continued deleveraging activities
- Anticipate investment grade credit ratings

AT&T Comcast Corp will be financially strong and positioned for growth

Note: Financial data for AT&T Broadband based on 9 months annualized as of September 30, 2001. Financial data for Comcast represents 2001 estimate. EBITDA excludes other income, pretax equity earnings (losses), and asset impairment charges.

AT&T Comcast
CORPORATION

Pro Forma Financial Results

	<u>AT&T Broadband</u>	<u>Comcast</u>	<u>AT&T Comcast Corp</u>
(\$ in Billions)			
Revenue ⁽¹⁾	\$9.0B	\$9.0B	\$18.0B
EBITDA ⁽¹⁾	\$1.9B	\$2.7B	\$4.6B
EBITDA Margin	20.8%	30.3%	25.6%
Net Debt ⁽²⁾	\$17.3B	\$9.7B	\$27B

Target debt rating of strong BBB

(1) Financial data for AT&T Broadband based on 9 months annualized as of September 30, 2001. Financial data for Comcast represents LTM as of September 30, 2001. EBITDA excludes other income, pretax equity earnings (losses), and asset impairment charges.

(2) Net debt excluding QUIPS (Face amount \$5 billion) and other liabilities.

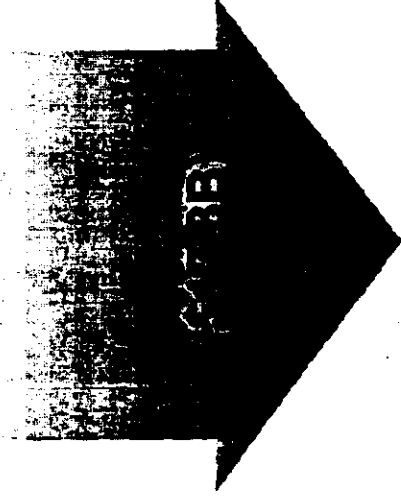
AT&T Comcast
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AT&T Communications Services: Deleveraging Progress

AT&T Consolidated Net Debt ⁽¹⁾
(Dollars in Billions)

YE00⁽²⁾ \$56.2B

Today \$35.6B



**Debt Assumed by
AT&T Comcast Corp**

+ \$5B of Microsoft QUIPS Exchanged

<u>Key Drivers</u>	
NTT DoCoMo	(\$9.8B)
Japan Telecom	(\$1.3B)
Non-core Cable Assets	(\$5.0B)
AWE Split	(\$0.7B)
AWE Debt-Equity Swap	(\$1.6B)
AWE Residual Interest	(\$1.2B)
Cablevision / RMG	(\$2.0B)
Global Bond Offering / Refinance	

AT&T Communications Services will remain in a strong capital position as the result of this transaction

(1) Net of monetizations and cash.
(2) Includes debt from discontinued operations.


Strength of AT&T Communications Services

AT&T Business

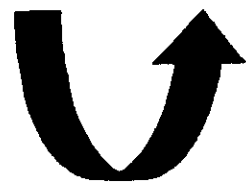
Revenue: \$28.3B
EBITDA: \$9.1B

AT&T Consumer

Revenue: \$15.9B
EBITDA: \$5.6B

 **AT&T Communications Services**

Revenue: \$44.2B
EBITDA: \$14.7B
Net Debt: ~\$18B



Note: Revenue and EBITDA shows LTM data as of September 30, 2001. EBITDA excludes other income, pretax equity earnings (losses), and asset impairment charges. Net debt expected for year-end 2001.

AT&T's Restructuring - Future

<u>Activity</u>	<u>Estimated Timing</u>
■ Deleveraging	■ On-going
■ Proxy Filing	■ First Quarter 2002
■ Shareholder Vote	■ Mid 2002
■ Consumer Tracker Distribution	■ 2 nd Half 2002
■ AT&T Comcast Corp Closing	■ Approximately 1 Year

Realization of the Broadband Vision



Revenues: \$18.0B
EBITDA: \$4.6B

- 38M homes passed, with 22M subscribers
- Potential for scaling new and innovative products and services to consumers
- Best value proposition to the consumer
- Experienced management and employees
- Projected EBITDA growth approaching 20%
- Financial strength and flexibility

Merger creates the leading entertainment, communications and information company

Note: Financial data for AT&T Broadband based on 9 months annualized as of September 30, 2001. Financial data for Comcast represents LTM as of September 30, 2001. EBITDA excludes other income, pretax equity earnings (losses), and asset impairment charges.



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