2003 Financial Results

Independent Auditors' Report	Page 23
Condensed Consolidated Balance Sheets	Page 24
Condensed Consolidated Statements of Operations	Page 25
Condensed Consolidated Statements of Cash Flows	Page 26
Financial Highlights	Page 27
Summary of Operating Statistics	Page 30
Shareholder Information	Page 32

Cox is presenting condensed consolidated financial information in this Summary Annual Report. This Summary Annual Report includes forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include, but are not limited to, statements relating to Cox's future plans, earnings, objectives, expectations, performance, and similar projections, as well as any facts or assumptions underlying these statements or projections. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from historical results or those Cox anticipates. These statements relate to, among other things, growth opportunities and introduction of new products and services. Factors that could have a material and adverse impact on Cox's business are identified in the discussion of risk factors in the company's Annual Report on Form 10-K. Cox undertakes no obligation to release publicly any revisions to forward-looking statements made in the Summary Annual Report to reflect events or circumstances after the date of this Summary Annual Report or to reflect the occurrence of unanticipated events.

Independent Auditors' Report

To the Board of Directors and Shareholders of
Cox Communications, Inc.

We have audited the consolidated balance sheets of Cox Communications, Inc. ("Cox") as of December 31, 2003 and 2002, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2003. Such consolidated financial statements and our report thereon dated February 27, 2004, which expresses an unqualified opinion and includes an explanatory paragraph related to Cox's adoption, effective January 1, 2002, of Statement of Financial Accounting Standards ("SFAS") No. 142 and the adoption, effective January 1, 2001, of SFAS No. 133, as amended (which are not included herein), are included in Cox's 2003 Annual Report on Form 10-K. The accompanying condensed consolidated financial statements are the responsibility of Cox's management. Our responsibility is to express an opinion on such condensed consolidated financial statements in relation to the complete consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated balance sheets as of December 31, 2003 and 2002, and the related condensed consolidated statements of operations and cash flows for each of the three years in the period ended December 31, 2003, is fairly stated in all material respects in relation to the basic consolidated financial statements from which it has been derived.

Deloitte & Touche LLP

Atlanta, Georgia
February 27, 2004

Condensed Consolidated Balance Sheets

As of December 31 *(Thousands of Dollars)*	2003	2002
Assets		
Current assets		
Cash	$ 83,841	$ 228,704
Accounts and notes receivable, less allowance for doubtful accounts of $26,175 and $33,607	370,832	354,928
Amounts due from Cox Enterprises, Inc. (CEI)	–	21,109
Other current assets	131,106	277,531
Total current assets	585,779	882,272
Net plant and equipment	7,907,561	7,793,178
Investments	109,380	397,435
Intangible assets	15,697,495	15,724,288
Other noncurrent assets	117,361	218,166
Total assets	$ 24,417,576	$ 25,015,339
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued expenses	$ 778,708	$ 727,877
Other current liabilities	450,553	226,425
Current portion of long-term debt	48,344	393,040
Amounts due to CEI	3,980	–
Total current liabilities	1,281,585	1,347,342
Deferred income taxes	6,388,970	6,750,635
Other noncurrent liabilities	164,070	175,912
Long-term debt, less current portion	6,963,456	6,922,957
Total liabilities	14,798,081	15,196,846
Minority interest in equity of consolidated subsidiaries	139,519	133,403
Shareholders' equity		
Series A preferred stock - liquidation preference of $22.1375 per share, $1 par value; 10,000,000 shares of preferred stock authorized; shares issued and outstanding: 4,836,372	4,836	4,836
Class A common stock, $1 par value; 671,000,000 shares authorized; shares issued: 598,481,602 and 598,076,894; shares outstanding: 592,958,582 and 592,567,757	598,482	598,077
Class C common stock, $1 par value; 62,000,000 shares authorized; shares issued and outstanding: 27,597,792	27,598	27,598
Additional paid-in capital	4,545,635	4,549,029
Retained earnings	4,500,621	4,638,422
Accumulated other comprehensive income	15,548	79,465
Class A common stock in treasury, at cost: 5,523,020 and 5,509,137 shares	(212,744)	(212,337)
Total shareholders' equity	9,479,976	9,685,090
Total liabilities and shareholders' equity	$ 24,417,576	$ 25,015,339

NOTE: Certain amounts in the 2002 and 2001 financial statements have been reclassified for comparison purposes.

Condensed Consolidated Statements of Operations

Year Ended December 31, *(Thousands of Dollars, excluding share data)*	2003	2002	2001
Revenues			
Residential			
Video	$ 3,658,917	$ 3,439,755	$ 3,184,786
Data	870,628	575,231	277,921
Telephony	469,920	343,227	211,270
Other	86,903	72,254	89,264
Total residential revenues	5,086,368	4,430,467	3,763,241
Commercial	287,676	230,067	152,383
Advertising	384,824	378,064	337,579
Total revenues	5,758,868	5,038,598	4,253,203
Costs and expenses			
Cost of services (excluding depreciation)	2,391,310	2,112,155	1,868,303
Selling, general and administrative expenses	1,250,686	1,147,204	963,942
Depreciation and amortization	1,530,475	1,357,906	1,539,211
(Gain) loss on sale and exchange of cable systems	(469)	3,916	–
Operating income (loss)	586,866	417,417	(118,253)
Interest expense	(467,753)	(549,858)	(565,934)
(Loss) gain on derivative instruments, net	(22,567)	1,125,588	(211,963)
Gain (loss) on investments, net	165,194	(1,317,158)	1,151,172
Equity in net losses of affiliated companies	(13,073)	(32,175)	(40,043)
Loss on extinguishment of debt	(450,069)	(787)	–
Other, net	(3,557)	(5,080)	(11,882)
(Loss) income before income taxes, minority interest and cumulative effect of change in accounting principle	(204,959)	(362,053)	203,097
Income tax (benefit) expense	(73,274)	(125,286)	94,039
(Loss) income before minority interest and cumulative effect of change in accounting principle	(131,685)	(236,767)	109,058
Minority interest, net of tax	(6,116)	(37,272)	(71,147)
(Loss) income before cumulative effect of change in accounting principle	(137,801)	(274,039)	37,911
Cumulative effect of change in accounting principle, net of tax	–	–	717,090
Net (loss) income	$ (137,801)	$ (274,039)	$ 755,001
Share data			
Basic net (loss) income per share			
Basic weighted-average shares outstanding	620,327,304	608,293,490	600,365,787
(Loss) income before cumulative effect of change in accounting principle	$ (0.22)	$ (0.45)	$ 0.06
Cumulative effect of change in accounting principle, net of tax	–	–	1.20
Basic net (loss) income per share	$ (0.22)	$ (0.45)	$ 1.26
Diluted net (loss) income per share			
Diluted weighted-average shares outstanding	620,327,304	608,293,490	608,816,689
(Loss) income before cumulative effect of change in accounting principle	$ (0.22)	$ (0.45)	$ 0.06
Cumulative effect of change in accounting principle, net of tax	–	–	1.18
Diluted net (loss) income per share	$ (0.22)	$ (0.45)	$ 1.24

Condensed Consolidated Statements of Cash Flows

Year Ended December 31, *(Thousands of Dollars)*	2003	2002	2001
Cash flows from operating activities			
Net (loss) income	$ (137,801)	$ (274,039)	$ 755,001
Adjustments to reconcile net (loss) income to net cash provided by operating activities, net of effects of acquisitions:			
Depreciation and amortization	1,530,475	1,357,906	1,539,211
(Gain) loss on sale of cable systems	(469)	3,916	–
Deferred income taxes	(333,379)	194,370	(306,814)
Loss (gain) on derivative instruments, net	22,567	(1,125,588)	211,963
(Gain) loss on investments, net	(165,194)	1,317,158	(1,151,172)
Equity in net losses of affiliated companies	13,073	32,175	40,043
Loss on extinguishment of debt	450,069	787	–
Minority interest, net of tax	6,116	37,272	71,147
Other, net	108,698	182,321	93,229
Cumulative effect of change in accounting principle, net of tax	–	–	(717,090)
(Increase) decrease in accounts and notes receivable	(15,922)	52,918	848
Decrease (increase) in other assets	41,328	60,502	(78,315)
Increase (decrease) in accounts payable and accrued liabilities	22,650	99,805	(30,363)
Increase (decrease) in taxes payable	332,175	(161,197)	328,541
(Decrease) increase in other liabilities	(6,415)	(5,467)	42,539
Net cash provided by operating activities	1,867,971	1,772,839	798,768
Cash flows from investing activities			
Capital expenditures	(1,561,331)	(1,932,416)	(2,205,451)
Investments in affiliated companies	(22,270)	(18,800)	(53,991)
Proceeds from the sale and exchange of investments	246,417	1,345,952	1,316,192
Decrease (increase) in amounts due from CEI	21,109	(7,864)	(7,437)
Proceeds (payments) for the sale (purchase) of cable systems	822	12,574	(1,495)
Other, net	(3,883)	(7,616)	(1,160)
Net cash used in investing activities	(1,319,136)	(608,170)	(953,342)
Cash flows from financing activities			
Commercial paper borrowings (repayments), net	300,941	(727,384)	(801,385)
Proceeds from issuance of debt, net of debt issuance costs	1,330,750	985,546	1,405,887
Repayment of debt	(2,310,074)	(704,951)	(386,728)
Redemption of preferred securities of subsidiary trust	–	(502,610)	–
Proceeds from the exercise of stock options	6,768	24,291	10,595
Increase in amounts due to CEI, net	3,980	–	–
Distributions paid on capital and preferred securities of subsidiary trusts	–	(47,764)	(75,955)
Payment to repurchase remarketing option	(43,734)	(25,951)	–
Other, net	17,671	(24,002)	10,578
Net cash (used in) provided by financing activities	(693,698)	(1,022,825)	162,992
Net (decrease) increase in cash	(144,863)	141,844	8,418
Cash at beginning of period	228,704	86,860	78,442
Cash at end of period	$ 83,841	$ 228,704	$ 86,860

Financial Highlights

Results of Operations

2003 compared with 2002

Total revenues for the year ended December 31, 2003 were $5.8 billion, a 14% increase over revenues of $5.0 billion for the year ended December 31, 2002. This increase was primarily attributable to:

- a 31% increase in customers for advanced services (digital cable, high-speed Internet access and telephony);
- an increase in basic cable rates resulting from increased programming costs and inflation, as well as increased channel availability;
- a $5 price increase on monthly high-speed Internet access adopted in select markets in the fourth quarter of 2002 and in most of Cox's remaining markets in the first quarter of 2003; and
- an increase in commercial broadband customers.

Cost of services, which includes programming costs, other direct costs and field service costs, was $2.4 billion for the year ended December 31, 2003, an increase of 13% over the same period in 2002. This was primarily due to a 12% increase in programming costs reflecting rate increases and customer growth. Other cost of services increased 15%, primarily due to:

- 1.2 million in net additions of advanced-service customers over the last twelve months; and
- increased labor costs due to the transition from upgrade construction and new product launches to maintenance and related customer costs directly associated with the growth of new subscribers.

Cox recorded a one-time non-recurring charge of approximately $9.8 million in 2002 associated with the continuation of Excite@Home high speed Internet service following the bankruptcy of Excite@Home, and excluding this one-time charge, other cost of services increased 16% in 2003.

Selling, general and administrative expenses for the year ended December 31, 2003 increased 9% to $1.3 billion due to:

- a 10% increase in general and administrative expenses relating to increased labor costs, expenses related to trials of new video and telephony products, and public relations expenses related to our campaign aimed at the rising costs of programming; and
- a 5% increase in marketing expense relating to the promotion of new services and bundling alternatives, partially offset by an 8% decrease in costs associated with Cox's advertising sales business, Cox Media.

Depreciation and amortization increased to $1.5 billion for the year ended December 31, 2003 from $1.4 billion for the comparable period in 2002 due to an increase in depreciation from Cox's continuing investment in its broadband network in order to deliver additional services, and an increase in amortization resulting from a non-cash impairment charge of $25.0 million recognized in the first quarter of 2003, upon completion of an impairment test of franchise value in accordance with Statement of Financial Accounting Standards (SFAS) No. 142. Operating income for the year ended December 31, 2003 was $586.9 million compared to operating income of $417.4 million for the year ended December 31, 2002 .

Interest expense decreased to $467.8 million primarily due to interest savings as a result of Cox's interest rate swap agreements and a reduction of outstanding indebtedness.

For the year ended December 31, 2003, Cox recorded a $22.6 million pre-tax loss on derivative instruments primarily due to a $4.4 million pre-tax loss resulting from the change in the fair value of Cox's net settleable warrants and an $18.7 million pre-tax loss resulting from the change in the fair value of certain derivative instruments embedded in Cox's zero-coupon debt.

Net gain on investments for the year ended December 31, 2003 of $165.2 million includes:

- $154.5 million pre-tax gain related to the sale of 46.8 million shares of Sprint PCS common stock;
- $21.8 million pre-tax gain as a result of the change in market value of Cox's investment in Sprint PCS common stock classified as trading; *partially offset by*
- $10.5 million pre-tax decline considered to be other than temporary in the fair value of certain investments.

Financial Highlights

During the year ended December 31, 2003, Cox recorded a $450.1 million pre-tax loss on extinguishment of debt consisting of:

- $412.8 million pre-tax loss resulting from the purchase of $1.8 billion aggregate principal amount at maturity of the Discount Debentures pursuant to Cox's offer to purchase any and all Discount Debentures;
- $29.5 million pre-tax loss resulting from the termination of Cox's series of prepaid forward contracts to sell up to 19.5 million shares of Sprint PCS common stock;
- $10.2 million pre-tax loss resulting from the purchase of $422.7 million aggregate principal amount at maturity of Cox's convertible senior notes due 2021 pursuant to the holders' right to require Cox to purchase the convertible notes;
- $1.5 million pre-tax loss resulting from the purchase of $250.0 million aggregate principal amount of its 6.15% Reset Put Securities due 2033 (REPS); *partially offset by*
- $3.9 million pre-tax gain resulting from the purchase of $1.3 billion aggregate principal amount of the PRIZES and $274.9 million aggregate principal amount of the Premium PHONES pursuant to Cox's offer to purchase any and all PRIZES and Premium PHONES.

Liquidity and Capital Resources

Uses of Cash

As part of Cox's ongoing strategic plan, Cox has invested, and will continue to invest, significant amounts of capital to enhance the reliability and capacity of its broadband network in preparation for the offering of new services. Cox believes it will be able to meet its capital needs for the next 12 months and the foreseeable future with amounts available under existing revolving credit facilities and its commercial paper program.

During 2003, Cox made capital expenditures of $1.6 billion. These expenditures were primarily directed at costs related to electronic equipment located on customers' premises, costs to upgrade and rebuild Cox's broadband network to allow for the delivery of advanced broadband services and costs associated with network equipment used to enter new service areas.

Capital expenditures for 2004 are expected to be approximately $1.4 billion. Although management continuously reviews industry and economic conditions to identify opportunities, Cox does not have any current plans to make any material acquisitions or enter into any material cable systems exchanges in 2004.

In addition to improvement of its own networks, Cox made strategic investments in businesses focused on cable programming, technology and telecommunications. Investments in affiliated companies of $22.3 million in 2003 included debt and equity funding. Future funding requirements are expected to total approximately $20.0 million over the next two years. These capital requirements may vary significantly from the amounts stated above and will depend on numerous factors as many of these affiliates are growing businesses and specific financing requirements will change depending on the evolution of these businesses.

During 2003, Cox repaid $2.3 billion of debt, which primarily consisted of the purchase of a portion of its convertible senior notes, the purchase of the majority of all three series of its exchangeable subordinated debentures, pursuant to offers to purchase any and all PRIZES, Premium PHONES and Discount Debentures, and the purchase of its REPS.

Sources of Cash

During 2003, Cox generated $1.9 billion from operations. Proceeds from the sale and exchange of investments of $246.4 million consisted of proceeds from the sale of 46.8 million shares of Sprint PCS common stock.

Net commercial paper borrowings during 2003 were $300.9 million. Proceeds from the issuance of other debt, net of debt issuance costs, underwriting commissions and discounts included the issuance of:

- 4.625% senior notes due 2013 for net proceeds of approximately $596.2 million;
- 3.875% senior notes due 2008 for net proceeds of $248.8 million; and
- 5.5% senior notes due 2015 for net proceeds of $496.5 million.

The proceeds from these offerings were primarily used to purchase the tendered PRIZES, Premium PHONES and Discount Debentures and REPS.

Other
At December 31, 2003, Cox had approximately $7.0 billion of outstanding indebtedness. Derivative adjustments in accordance with SFAS No. 133 have historically had a material impact on reported indebtedness. For example, reported indebtedness at December 31, 2002 of approximately $7.3 billion was net of certain derivative adjustments made in accordance with SFAS No. 133 that reduced the reported debt balance by approximately $1.4 billion. As a result of Cox's purchase of its exchangeable subordinated debentures, net settlement of its zero-coupon debt and sales of Sprint PCS stock during 2003, SFAS No. 133 adjustments did not significantly impact reported indebtedness at December 31, 2003 and are not expected to be material in the future. In addition, Cox had approximately $1.5 billion of total available financing capacity under its revolving credit facilities and commercial paper program at December 31, 2003.

Investments
Cox has certain investments in companies focused on cable programming, technology and telecommunications.

Discovery Communications, Inc. At December 31, 2003, Cox owned a 25.0% interest in Discovery.

Sprint PCS. In April 2003, Cox sold its Sprint Corporation PCS Group (Sprint PCS) warrants, which were exercisable for approximately 6.3 million shares of Sprint PCS common stock, for nominal consideration. Cox recognized a pre-tax loss of $0.4 million as a result of this sale.

In August 2003, Cox terminated its series of prepaid forward contracts to sell up to 19.5 million shares of its Sprint PCS common stock. In connection with the termination, Cox sold the 19.5 million shares of Sprint PCS common stock, which had been pledged to secure its obligations pursuant to these prepaid forward contracts and were classified as trading. The prepaid forward contracts had been accounted for as zero-coupon debt, so the termination resulted in the elimination of $80.9 million of balance sheet debt at the date of termination.

In 2003, Cox sold 46.8 million shares of Sprint PCS common stock for aggregate net proceeds of approximately $246.4 million. Cox recognized an aggregate pre-tax gain of $154.5 million on the sale of these shares.

At December 31, 2003, Cox's remaining investment in Sprint PCS was comprised of 0.3 million shares of Sprint PCS common stock and 0.1 million shares of convertible preferred stock, which are convertible into approximately 4.0 million shares of Sprint PCS common stock. The estimated fair value of Cox's investment in Sprint PCS was $59.9 million and $349.2 million at December 31, 2003 and December 31, 2002, respectively.

Intangible Assets
SFAS No. 142, *Goodwill and Other Intangible Assets,* requires that goodwill and certain intangible assets with indefinite lives no longer be amortized, but instead be tested for impairment at least annually. Cox's indefinite lived intangible assets are comprised of cable franchise value, which Cox obtained through acquisitions of cable systems.

The January 2003 impairment test in accordance with SFAS No. 142 resulted in a non-cash impairment charge of approximately $25.0 million, which is classified within amortization expense in Cox's consolidated statement of operations. Cox completed its next impairment test in accordance with SFAS No. 142 in August 2003. The August 2003 test indicated no impairment of franchise value.

Summary of Operating Statistics

	December 31 2003	December 31 2002
Core Video		
Customer Relationships		
Basic Video Customers [a]	6,338,294	6,280,849
Non-Video Customers [b]	288,157	199,519
Total Customer Relationships [c]	6,626,451	6,480,368
Revenue Generating Units		
Basic Video Customers [a]	6,338,294	6,280,849
Advanced Services	5,124,936	3,923,734
Total Revenue Generating Units	11,463,230	10,204,583
Video Homes Passed	10,426,093	10,210,091
Basic Video Penetration	60.8%	61.5%
Cox Digital Cable		
Digital Cable Ready Homes Passed	10,265,136	9,890,211
Customers	2,147,983	1,797,364
Penetration of Customers to Basic Video Customers	33.9%	28.6%
Average Weekly Run Rate	6,382	6,493
Cox High Speed Internet		
High-Speed Internet Ready Homes Passed	10,187,277	9,759,194
Customers	1,988,527	1,407,950
Penetration of Customers to High-Speed Internet Ready Homes Passed	19.5%	14.4%
Average Weekly Run Rate	11,108	10,435
Cox Digital Telephone		
Telephony Ready Homes Passed	5,031,401	4,101,158
Customers	988,426	718,420
Penetration of Customers to Telephony Ready Homes Passed	19.6%	17.5%
Average Weekly Run Rate	5,899	5,168
Bundled Customers		
Customers Subscribing to Two or More Services	2,253,596	1,650,709
Penetration of Bundled Customers to Basic Video Customers	35.6%	26.3%

(a) The number of customers who receive primary analog or digital cable service. Additional outlets are not counted.

(b) The number of customers who receive high-speed Internet or telephony service, but do not subscribe to video service.

(c) The number of customers who receive at least one level of service, encompassing video, data and telephony services, without regard to which service(s) customers purchase.

COX COMMUNICATIONS

Your Friend in the Digital Age