FORM 10-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED

DECEMBER 31, 1996

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM ___________ TO ____________

Commission file number 0-6983

COMCAST CORPORATION
[GRAPHIC OMITTED - LOGO]

(Exact name of registrant as specified in its charter)

PENNSYLVANIA	23-1709202
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1500 Market Street, Philadelphia, PA	19102-2148
(Address of principal executive offices)	(Zip Code)

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

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:
NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
Class A Common Stock, $1.00 par value
Class A Special Common Stock, $1.00 par value
3-3/8% / 5-1/2% Step-up Convertible Subordinated Debentures Due 2005
1-1/8% Discount Convertible Subordinated Debentures Due 2007

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.
Yes __X__ No _____

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K. [ ]

As of February 1, 1997, the aggregate market value of the Class A Common Stock and Class A Special Common Stock held by non-affiliates of the Registrant was $567.5 million and $5.091 billion, respectively.

As of February 1, 1997, there were 283,488,179 shares of Class A Special Common Stock, 33,508,729 shares of Class A Common Stock and 8,786,250 shares of Class B Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE
Part III - The Registrant's definitive Proxy Statement for its Annual Meeting of Shareholders presently scheduled to be held in June 1997.

COMCAST CORPORATION
1996 FORM 10-K ANNUAL REPORT

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This Annual Report on Form 10-K for the year ended December 31, 1996, at the time of filing with the Securities and Exchange Commission, modifies and supersedes all prior documents filed pursuant to Sections 13, 14 and 15(d) of the Securities Exchange Act of 1934 for purposes of any offers or sales of any securities after the date of such filing pursuant to any Registration Statement or Prospectus filed pursuant to the Securities Act of 1933 which incorporates by reference this Annual Report.

This Annual Report on Form 10-K contains forward looking statements made pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Readers are cautioned that such forward looking statements involve risks and uncertainties which could significantly affect expected results in the future from those expressed in any such forward looking statements made by, or on behalf of the Company. Certain factors that could cause actual results to differ materially include, without limitation, the effects of legislative and regulatory changes; the potential for increased competition; technological changes; the need to generate substantial growth in the subscriber base by successfully launching, marketing and providing services in identified markets; pricing pressures which could affect demand for the Company's services; the Company's ability to expand its distribution; changes in labor, programming, equipment and capital costs; the Company's continued ability to create or acquire programming and products that customers will find attractive; future acquisitions, strategic partnerships and divestitures; general business and economic conditions; and other risks detailed from time to time in the Company's periodic reports filed with the Securities and Exchange Commission.

PART I

ITEM 1 BUSINESS

Comcast Corporation and its subsidiaries (the "Company") is principally engaged in the development, management and operation of wired and wireless telecommunications and the provision of content (see "Description of the Company's Businesses"). The Company was organized in 1969 under the laws of the Commonwealth of Pennsylvania and has its principal executive offices at 1500 Market Street, Philadelphia, Pennsylvania, 19102-2148, (215) 665-1700.

FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS

See Note 10 to the Company's consolidated financial statements for information about the Company's operations by industry segment.

GENERAL DEVELOPMENTS OF BUSINESS

E! Entertainment

As of December 31, 1996, the Company owned a 10.4% interest in E! Entertainment Television, Inc. ("E! Entertainment"), an entertainment programming service that currently is distributed to more than 42 million subscribers. The Company has the right, by virtue of various agreements among the shareholders of E! Entertainment, to purchase an additional 58.4% interest in E! Entertainment from Time Warner, Inc. ("Time Warner") for $321.1 million. In January 1997, the Company and The Walt Disney Company ("Disney") entered into an agreement to form a new limited liability company ("Newco") that will be owned 50.1% by the Company and 49.9% by Disney. Pursuant to the agreement, the Company will contribute to Newco its 10.4% interest in E! Entertainment, the right to exercise its option to purchase the Time Warner interest and $132.3 million in cash. Disney will contribute to Newco $188.8 million in cash. Newco will use the cash contributed by the Company and Disney to purchase the Time Warner interest. Following such purchase, Newco will own a 68.8% interest in E! Entertainment. To fund the cash portion of its contribution, the Company will borrow $132.3 million from Disney in the form of two 10-year, 7% notes. These transactions are expected to close in the first quarter of 1997, subject to regulatory approval and certain other conditions.

Scripps Cable

In November 1996, the Company acquired the cable television operations ("Scripps Cable") of The E.W. Scripps Company in exchange for 93.048 million shares of the Company's Class A Special Common Stock, par value $1.00 per share (the "Class A Special Common Stock"), valued at $1.552 billion (the "Scripps Acquisition"). Scripps Cable passed more than 1.3 million homes and served more than 800,000 subscribers as of December 31, 1996, with 60% of its subscribers located in Sacramento, California and Chattanooga and Knoxville, Tennessee. The Company has accounted for the Scripps Acquisition under the purchase method and Scripps Cable was consolidated with the Company effective November 1, 1996.

Comcast-Spectacor

In July 1996, the Company completed its acquisition (the "Sports Venture Acquisition") of a 66% interest in the Philadelphia Flyers Limited Partnership, a Pennsylvania limited partnership ("PFLP"), the assets of which, after giving effect to the Sports Venture Acquisition, consist of (i) the National Basketball Association ("NBA") franchise to own and operate the Philadelphia 76ers basketball team and related assets (the "Sixers"), (ii) the National Hockey League ("NHL") franchise to own and operate the Philadelphia Flyers hockey team and related assets, and (iii) two adjacent arenas, leasehold interests in and development rights related to the land underlying the arenas and other adjacent parcels of land located in Philadelphia, Pennsylvania (collectively, the "Arenas"). Concurrent with the completion of the Sports Venture Acquisition, PFLP was renamed Comcast Spectacor, L.P. ("Comcast-Spectacor").

The Sports Venture Acquisition was completed in two steps. In April 1996, the Company purchased the Sixers for $125.0 million in cash plus assumed net liabilities of $11.0 million through a partnership controlled by the Company. To complete the Sports Venture Acquisition, in July 1996, the Company contributed its interest in the Sixers, exchanged approximately 3.5 million shares of the Company's Class A Special Common Stock and 6,370 shares of the Company's newly issued 5% Series A Convertible Preferred Stock (the "Preferred Stock"), and paid $15.0 million in cash for its current interest in Comcast-Spectacor. The remaining 34% interest in Comcast-Spectacor is owned by a group, including the former majority owner of PFLP, who also manages Comcast-Spectacor. In connection with the Sports Venture Acquisition, Comcast-Spectacor assumed the outstanding liabilities relating to the Sixers and the Arenas, including a mortgage obligation of $155.0 million. The Company accounts for its interest in Comcast-Spectacor under the equity method.

Sprint Spectrum

The Company, Tele-Communications, Inc. ("TCI"), Cox Communications, Inc. ("Cox," and together with the Company and TCI, the "Cable Parents") and Sprint Corporation ("Sprint," and together with the Cable Parents, the "Parents"), and certain subsidiaries of the Parents (the "Partner Subsidiaries") engage in the wireless communications business through a limited partnership known as "Sprint Spectrum," a development stage enterprise. The Company owns 15% of Sprint Spectrum and accounts for its investment in Sprint Spectrum under the equity method.

Sprint Spectrum was the successful bidder for 29 personal communications services ("PCS") licenses in the auction conducted by the Federal Communications Commission ("FCC") from December 1994 through mid-March 1995. The purchase price for the licenses was $2.11 billion, all of which has been paid to the FCC. In addition, Sprint Spectrum has invested, and may continue to invest, in other entities that hold PCS licenses, may acquire PCS licenses in future FCC auctions or from other license holders and may affiliate with other license holders.

The Partner Subsidiaries have committed to contribute $4.2 billion in cash to Sprint Spectrum through 1999, of which the Company's share is $630.0 million. Of this funding requirement, the Company has made total cash contributions to Sprint Spectrum of $452.8 million through December 31, 1996 and issued a $105.0 million guaranty on a portion of Sprint Spectrum's outstanding debt. The Company anticipates that Sprint Spectrum's capital requirements over the next several years will be significant. Requirements in excess of committed capital are planned to be funded by Sprint Spectrum through external financing, including, but not limited to, vendor financing, bank financing and securities offered to the public. In August 1996, Sprint Spectrum sold $750.0 million principal amount at maturity of Senior Notes and Senior Discount Notes due in 2006 in a public offering. In October 1996, Sprint Spectrum closed three credit agreements which provided $2.0 billion in bank financing and $3.1 billion in vendor financing. The timing of the Company's remaining capital contributions to Sprint Spectrum is dependent upon a number of factors, including Sprint Spectrum's working capital requirements. The Company anticipates funding its remaining capital commitments to Sprint Spectrum through its cash flows from operating activities, its existing cash, cash equivalents, short-term investments and lines of credit or other external financing, or by a combination of these sources.

Repurchase Program

Concurrent with the announcement of the Scripps Acquisition in October 1995, the Company announced that its Board of Directors authorized a market repurchase program (the "Repurchase Program") pursuant to which the Company may purchase, at such times and on such terms as it deems appropriate, up to $500.0 million of its outstanding common stock, subject to certain restrictions and market conditions. During the years ended December 31, 1996 and 1995, the Company repurchased 10.5 million shares and 680,000 shares, respectively, of its common stock for aggregate consideration of $180.0 million and $12.4 million, respectively, pursuant to the Repurchase Program. During January 1997, the Company repurchased an additional 450,000 shares of its common stock for aggregate consideration of $7.6 million. The Repurchase Program will terminate in May 1997.

As part of the Repurchase Program, the Company sold put options on 1.0 million and 3.0 million shares of its Class A Special Common Stock during the years ended December 31, 1996 and 1995, respectively. The put options give the holders the right to require the Company to repurchase such shares at specified prices on specific dates in January through March 1997. As of December 31, 1996, the Company has reclassified $69.6 million, the amount it would be obligated to pay to repurchase such shares upon exercise of the put options, to a temporary equity account in its consolidated balance sheet. The temporary equity related to these shares will be reclassified to additional capital in the first quarter of 1997 upon expiration or settlement of the options.

DESCRIPTION OF THE COMPANY'S BUSINESSES

WIRED TELECOMMUNICATIONS

Wired telecommunications includes cable and telecommunications services in the United States ("US") and the United Kingdom ("UK") (see "Cable Communications - Company's Systems" and "- UK Activities"). The Company also owns a 50% interest in Garden State Cablevision L.P. ("Garden State"), a cable communications company serving portions of southern New Jersey, and a 16.1% interest in Teleport Communications Group, Inc. ("TCGI"), one of the largest competitive alternative access providers in the US in terms of route miles.

CABLE COMMUNICATIONS

General

A cable communications system receives signals by means of special antennae, microwave relay systems, earth stations and fiber optics. The system amplifies such signals, provides locally originated programs and ancillary services and distributes programs to subscribers through a fiber optic and coaxial cable system.

Cable communications systems generally offer subscribers the signals of all national television networks; local and distant independent, specialty and educational television stations; satellite-delivered non-broadcast channels; locally originated programs; educational programs; audio programming; electronic retailing and public service announcements. In addition, each of the Company's systems offer, for an extra monthly charge, one or more premium services ("Pay Cable") such as Home Box Office(R), Cinemax(R), Showtime(R), The Movie Channel(TM) and Encore(R), which generally offer, without commercial interruption, feature motion pictures, live and taped sporting events, concerts and other special features. Substantially all of the Company's systems offer pay-per-view services, which permit a subscriber to order, for a separate fee, individual feature motion pictures and special event programs. The Company has also started offering or is field testing other cable-based services including cable modems (see "Description of the Company's Businesses - Wired Telecommunications - Online Services"), video games and data transfer.

Cable communications systems are generally constructed and operated under non-exclusive franchises granted by state or local governmental authorities. Franchises typically contain many conditions, such as time limitations on commencement or completion of construction; conditions of service, including number of channels, types of programming and provision of free services to schools and other public institutions; and the maintenance of insurance and indemnity bonds. Cable franchises are subject to the Cable Communications Policy Act of 1984 (the "1984 Cable Act"), the Cable Television Consumer Protection and Competition Act of 1992 (the "1992 Cable Act," and together with the 1984 Cable Act, the "Cable Acts") and the Telecommunications Act of 1996 (the "1996 Telecom Act"), as well as FCC, state and local regulations (see "Legislation and Regulation").

The Company's franchises typically provide for periodic payment of fees to franchising authorities of 5% of "revenues" (as defined by each franchise agreement), which fees may be passed on to subscribers. Franchises are generally non-transferable without the consent of the governmental authority. Many of the Company's franchises were granted for an initial term of 15 years. Although franchises historically have been renewed and, under the Cable Acts, should continue to be renewed for companies that have provided adequate service and have complied generally with franchise terms, renewal may be more difficult as a result of the 1992 Cable Act and may include less favorable terms and conditions. Furthermore, the governmental authority may choose to award additional franchises to competing companies at any time (see "Competition" and "Legislation and Regulation"). In addition, under the 1996 Telecom Act, certain providers of programming services may be exempt from local franchising requirements.

Company's Systems

The table below sets forth a summary of Homes Passed and Cable Subscriber information for the Company's domestic cable communications systems for the five years ended December 31, 1996:

	1996 (5)	1995	1994 (4)	1993	1992
			(In thousands)		
Homes Passed (1)(3)	6,975	5,570	5,491	4,211	4,154
Cable Subscribers (2)(3)	4,280	3,407	3,307	2,648	2,583

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(1) A home is deemed "passed" if it can be connected to the distribution system without further extension of the transmission lines.
(2) A dwelling with one or more television sets connected to a system is counted as one Cable Subscriber.
(3) Consists of systems whose financial results are consolidated with those of the Company. Amounts do not include information for the Company's investment in Garden State or in other systems managed by the Company in which the Company has less than a 50% interest. As of December 31, 1996, total Homes Passed and Cable Subscribers for such entities were 331,000 and 227,000, respectively.
(4) In 1994, the Company acquired the US cable television operations of Maclean Hunter Limited.
(5) In 1996, the Company acquired Scripps Cable.

Revenue Sources

The Company's cable communications systems offer varying levels of service, depending primarily on their respective channel capacities. As of December 31, 1996, a majority of the Company's subscribers were served by systems that had the capacity to carry in excess of 60 channels.

Monthly service and equipment rates and related charges vary in accordance with the type of service selected by the subscriber. The Company may receive an additional monthly fee for Pay Cable service, the charge for which varies with the type and level of service selected by the subscriber. Additional charges are often imposed for installation services, commercial subscribers, program guides and other services. The Company also generates revenue from pay-per-view services, advertising sales and commissions from electronic retailing. Subscribers typically pay on a monthly basis and generally may discontinue services at any time (see "Legislation and Regulation").

Programming and Suppliers

The Company generally pays either a monthly fee per subscriber per channel or a percentage of certain revenues for programming. Programming costs increase in the ordinary course of the Company's business as a result of increases in the number of subscribers, expansion of the number of channels provided to customers and contractual rate increases from programming suppliers.

The Company seeks and secures long-term programming contracts with suppliers, some of which provide volume discount pricing structures and/or offer marketing support to the Company. The Company anticipates that future contract renewals will result in programming costs exceeding current levels, particularly for sports programming.

National manufacturers are the primary sources of supplies, equipment and materials utilized in the construction, rebuild and upgrade of the Company's cable communications systems. Construction, rebuild and upgrade costs for these systems have increased during recent years and are expected to continue to increase as a result of the need to construct increasingly complex systems, overall demand for labor and other factors.

The Company anticipates that its programming and construction, rebuild and upgrade costs will be significant in future periods. The amount of such costs will depend on numerous factors, many of which are beyond the Company's control. These factors include the effects of competition, whether a particular system has sufficient capacity to handle new product offerings including the offering of communications services, whether and to what extent the Company will be able to recover its investment under FCC rate guidelines and other factors, and whether the Company acquires additional systems in need of upgrading or rebuilding. Increases in such costs may be significant to the Company's financial position, results of operations and liquidity.

UK Activities

The Company beneficially owns a 25.7% equity interest and controls 77.6% of the total voting power of Comcast UK Cable Partners Limited, a consolidated subsidiary of the Company ("Comcast UK Cable"). As of December 31, 1996, Comcast UK Cable has equity interests in four operating companies (the "UK Operating Companies"): Birmingham Cable Corporation Limited ("Birmingham Cable"), in which Comcast UK Cable owns a 27.5% interest, Cable London PLC ("Cable London"), in which Comcast UK Cable owns a 50.0% interest, Cambridge Holding Company Limited ("Cambridge Cable"), in which Comcast UK Cable owns a 100.0% interest, and two companies holding the franchises for Darlington and Teesside, England ("Teesside"), in which Comcast UK Cable owns a 100.0% interest. The UK Operating Companies hold exclusive cable television licenses and non-exclusive telecommunications licenses and provide integrated cable television, residential telephony and business telecommunications services to subscribers in their respective franchise areas. When build-out of the UK Operating Companies' systems is complete, these systems will have the potential to serve over 1.6 million homes and the businesses within their franchise areas.

Based on closed and announced transactions, it is apparent that the UK cable and telecommunications industries are undergoing a significant consolidation, which trend the Company expects to continue in the coming months. The Company has engaged an investment advisor to assist it in evaluating the current state of the UK marketplace, the position of other participants and its alternatives with respect to Comcast UK Cable. There can be no assurance that the Company will take any action, or in what time frame any such action, if undertaken, might be accomplished.

UK Operating Companies' Systems

The table below sets forth Homes Passed, Telephony Subscriber and Cable Subscriber information for the UK Operating Companies' cable communications systems for the five years ended December 31, 1996:

	1996	1995	1994	1993	1992
			(In thousands)		
Homes Passed (1) (2)					
Birmingham Cable	374	292	227	156	104
Cable London	312	246	171	121	78
Cambridge Cable	188	151	115	75	36
Teesside	100	40			
Telephony Subscribers (2) (3)					
Birmingham Cable	108	83	59	36	23
Cable London	60	41	32	18	12
Cambridge Cable	58	44	34	12	
Teesside	50	20			
Cable Subscribers (2) (4)					
Birmingham Cable	111	88	73	55	35
Cable London	67	52	42	30	20
Cambridge Cable	45	36	30	16	6
Teesside	30	14			

(1) A home is deemed "passed" if it can be connected to the distribution system without further extension of the transmission lines.
(2) Homes Passed, Telephony Subscribers and Cable Subscribers have not been adjusted for the Company's proportionate ownership interests in the respective UK Operating Companies.
(3) A dwelling with one or more telephone lines connected to a system is counted as one Telephony Subscriber.
(4) A dwelling with one or more television sets connected to a system is counted as one Cable Subscriber.

Competition

Cable communications systems face competition from alternative methods of receiving and distributing television signals and from other sources of news, information and entertainment such as off-air television broadcast programming, newspapers, movie theaters, live sporting events, interactive online computer services and home video products, including videotape cassette recorders. The extent to which a cable communications system is competitive depends, in part, upon the cable system's ability to provide, at a reasonable price to consumers, a greater variety of programming and other communications services than are available off-air or through other alternative delivery sources (see "Legislation and Regulation") and upon superior technical performance and customer service.

The 1996 Telecom Act makes it easier for local exchange telephone companies ("LECs") and others to provide a wide variety of video services competitive with services provided by cable systems and to provide cable services directly to subscribers (see "Legislation and Regulation - The 1996 Telecom Act"). Various LECs currently are providing video services within and outside their telephone service areas through a variety of distribution methods, including both the deployment of broadband wire facilities and the use of wireless transmission facilities. Cable systems could be placed at a competitive disadvantage if the delivery of video services by LECs becomes widespread since LECs are not required, under certain circumstances, to obtain local franchises to deliver such video services or to comply with the variety of obligations imposed upon cable systems under such franchises (see "Legislation and Regulation"). Issues of cross-subsidization by LECs of video and telephony services also pose strategic disadvantages for cable operators seeking to compete with LECs which provide video services. The Company cannot predict the likelihood of success of video service ventures by LECs or the impact on the Company of such competitive ventures.

Cable communications systems generally operate pursuant to franchises granted on a non-exclusive basis. The 1992 Cable Act prohibits franchising authorities from unreasonably denying requests for additional franchises and permits franchising authorities to operate cable systems (see "Legislation and Regulation"). Well-financed businesses from outside the cable industry (such as public utilities that own certain of the poles on which cable is attached) may become competitors for franchises or providers of competing services (see "Legislation and Regulation - The 1996 Telecom Act"). Competition from other video service providers exists in the areas served by the Company. In addition, LECs in various states either have announced plans, obtained local franchise authorizations or are currently competing with the Company's cable communications systems in various areas.

The availability of reasonably-priced home satellite dish earth stations ("HSDs") enables individual households to receive many of the satellite-delivered program services formerly available only to cable subscribers. Furthermore, the 1992 Cable Act contains provisions, which the FCC has implemented with regulations, to enhance the ability of cable competitors to purchase and make available to HSD owners certain satellite-delivered cable programming at competitive costs. The 1996 Telecom Act and FCC regulations implementing that law preempt certain local restrictions on the use of HSDs and roof-top antennae to receive satellite programming and over-the-air broadcasting services (see "Legislation and Regulation - The 1996 Telecom Act").

Cable operators face additional competition from private satellite master antenna television ("SMATV") systems that serve condominiums, apartment and office complexes and private residential developments. The 1996 Telecom Act broadens the definition of SMATV systems not subject to regulation as a franchised cable communications service. SMATV systems offer both improved reception of local television stations and many of the same satellite-delivered programming services offered by franchised cable communications systems. SMATV operators often enter into exclusive agreements with building owners or homeowners' associations, although some states have enacted laws to provide franchised cable systems access to such private complexes, and the 1984 Cable Act gives a franchised cable operator the right to use existing compatible easements within its franchise area under certain circumstances. These laws have been challenged in the courts with varying results. In addition, some companies are developing and/or offering packages of telephony, data and video services to these private residential and commercial developments. The ability of the Company to compete for subscribers in residential and commercial developments served by SMATV operators is uncertain.

The FCC and Congress have adopted policies providing a more favorable operating environment for new and existing technologies that provide, or have the potential to provide, substantial competition to cable systems. These technologies include, among others, the direct broadcast satellite ("DBS") service whereby signals are transmitted by satellite to receiving facilities located on customer premises. Programming is currently available to the owners of HSDs through conventional, medium and high-powered satellites. In 1990, Primestar Partners, L.P. ("Primestar"), a consortium comprised of cable operators, including the Company and a satellite company, commenced operation of a medium-power DBS satellite system using the Ku portion of the frequency spectrum and currently provides service consisting of approximately 95 channels of programming, including broadcast signals and pay-per-view services (see "Wireless Telecommunications - DBS Operations"). In January 1997, Primestar launched a replacement medium-power DBS satellite which will enable it to increase its capacity to approximately 160 channels. In addition, through one of its owners which is also a Primestar affiliate, Primestar has obtained the right to provide service over a high-power DBS satellite and, using video compression technology, intends initially to offer approximately 70 channels of video programming in the future. This programming is intended to be offered to existing cable subscribers as an addition to their cable service. DirecTV, which includes AT&T Corp. as an investor, began offering nationwide high-power DBS service in 1994 accompanied by extensive marketing efforts. Several other major companies, including EchoStar Communications Corporation ("EchoStar") and American Sky Broadcasting ("ASkyB"), a joint venture between MCI Telecommunications Corporation and News Corp., have begun offering or are currently developing high-power DBS services. EchoStar has already commenced its domestic DBS service and offers approximately 120 channels of video programming. ASkyB is constructing satellites that reportedly, when operational, will provide approximately 200 channels of DBS service in the US. The recently announced plans of News Corp. to purchase an interest in EchoStar may, if consummated, create a more significant competitor to cable and DBS service providers, including the Company.

DBS systems are expected to use video compression technology to increase the channel capacity of their systems to provide movies, broadcast stations and other program services comparable to those of cable systems. Digital satellite service ("DSS") offered by DBS systems currently has certain advantages over cable systems with respect to programming capacity and digital quality, as well as certain current disadvantages that include high up-front customer equipment costs and a lack of local programming, local service and equipment distribution. While DSS presents a competitive threat to cable, the Company currently is increasing channel capacity in many of its systems and upgrading its local customer service and technical support. The Company is currently in the process of implementing ten regional customer service call centers. As of December 31, 1996, three of these call centers were in operation, servicing more than 950,000 subscribers. These upgrades will enable the Company to introduce new premium channels, pay-per-view programming, interactive computer-based services and other communications services in order to enhance its ability to compete.

Cable communications systems also compete with wireless program distribution services such as multichannel, multipoint distribution service ("MMDS") which use low-power microwave frequencies to transmit video programming over-the-air to subscribers. There are MMDS operators who are authorized to provide or are providing broadcast and satellite programming to subscribers in areas served by the Company's cable systems. Several Regional Bell Operating Companies ("BOCs") have acquired significant interests in major MMDS companies operating in certain of the Company's cable service areas. Recent public announcements by Bell Atlantic Corporation ("Bell Atlantic"), a BOC operating in the northeastern US, indicate that plans to compete with the Company through the use of MMDS technology may be revised. Additionally, the FCC recently adopted new regulations allocating frequencies in the 28-GHz band for a new multichannel wireless video service similar to MMDS. The Company is unable to predict whether wireless video services will have a material impact on its operations.

Other new technologies, including internet-based services, may become competitive with services that cable communications systems can offer. The FCC has authorized television broadcast stations to transmit textual and graphic information useful both to consumers and businesses. The FCC also permits commercial and non-commercial FM stations to use their subcarrier frequencies to provide non-broadcast services including data transmissions. The FCC established an over-the-air Interactive Video and Data Service that will permit two-way interaction with commercial and educational programming along with informational and data services. LECs and other common carriers also provide facilities for the transmission and distribution to homes and businesses of interactive computer-based services, including the Internet, as well as data and other non-video services. The FCC has conducted spectrum auctions for licenses to provide PCS. PCS will enable license holders, including cable operators, to provide voice and data services (see "Wireless Telecommunications - Cellular Telephone Communications - Competition").

Advances in communications technology as well as changes in the marketplace and the regulatory and legislative environment are constantly occurring. Thus, it is not possible to predict the effect that ongoing or future developments might have on the cable communications industry or on the operations of the Company.

Legislation and Regulation

The Cable Acts and the 1996 Telecom Act amended the Communications Act of 1934 (as amended, the "Communications Act") and established a national policy to guide the development and regulation of cable systems. The FCC and state regulatory agencies are required to conduct numerous rulemaking and regulatory proceedings to implement the 1996 Telecom Act, and such proceedings may materially affect the cable communications industry. The following is a summary of federal laws and regulations materially affecting the growth and operation of the cable communications industry and a description of certain state and local laws.

The 1996 Telecom Act. The 1996 Telecom Act, the most comprehensive reform of the nation's telecommunications laws since the Communications Act, became effective in February 1996. Although the long-term goal of this act is to promote competition and decrease regulation of these industries, in the short-term, the law delegates to the FCC (and in some cases the states) broad new rulemaking authority. The 1996 Telecom Act deregulates rates for cable programming service tiers ("CPSTs") in March 1999 for large Multiple System Operators ("MSOs"), such as the Company, and immediately for certain small operators. Deregulation will occur sooner for systems in markets where comparable video services, other than DBS, are offered by the LECs, or their affiliates, or by third parties utilizing the LECs' facilities or where "effective competition" is established under the 1992 Cable Act. The 1996 Telecom Act also modifies the uniform rate provisions of the 1992 Cable Act by prohibiting regulation of non-predatory, bulk discount rates offered to subscribers in commercial and residential developments and permits regulated equipment rates to be computed by aggregating costs of broad categories of equipment at the franchise, system, regional or company level. The 1996 Telecom Act eliminates the right of individual subscribers to file rate complaints with the FCC concerning certain CPSTs and requires the FCC to issue a final order within 90 days after receipt of CPST rate complaints filed by any franchising authority. The 1996 Telecom Act also modifies the existing statutory provisions governing cable system technical standards, equipment compatibility, subscriber notice requirements and program access, permits certain operators to include losses incurred prior to September 1992 in setting regulated rates and repeals the three-year anti-trafficking prohibition adopted in the 1992 Cable Act. FCC regulations implementing the 1996 Telecom Act preempt certain local restrictions on satellite and over-the-air antenna reception of video programming services, including zoning, land-use or building regulations, or any private covenant, homeowners' association rule or similar restriction on property within the exclusive use or control of the antenna user.

The 1996 Telecom Act eliminates the requirement that LECs obtain FCC approval under Section 214 of the Communications Act before providing video services in their telephone service areas and removes the statutory telephone company/cable television cross-ownership prohibition, thereby allowing LECs to offer video services in their telephone service areas. LECs may provide service as traditional cable operators with local franchises or they may opt to provide their programming over unfranchised "open video systems," subject to certain conditions, including, but not limited to, setting aside a portion of their channel capacity for use by unaffiliated program distributors and satisfying certain other requirements. Under limited circumstances, cable operators also may elect to offer services through open video systems. The 1996 Telecom Act also prohibits a LEC from acquiring a cable operator in its telephone service area except in limited circumstances. The 1996 Telecom Act removes barriers to entry in the local telephone exchange market by preempting state and local laws that restrict competition and by requiring all LECs to provide nondiscriminatory access and interconnection to potential competitors, such as cable operators, wireless telecommunications providers and long distance companies (see "Wireless Telecommunications Cellular Telephone Communications - Legislation and Regulation").

The 1996 Telecom Act also contains provisions regulating the content of video programming and computer services. Specifically, the new law prohibits the use of computer services to transmit "indecent" material to minors. Several special three-judge federal district courts have issued preliminary injunctions enjoining the enforcement of these provisions as unconstitutional to the extent they regulate the transmission of indecent material. The US Supreme Court recently announced that it would review one of these decisions. In accordance with the 1996 Telecom Act, the television industry recently adopted a voluntary ratings system for violent and indecent video programming. The 1996 Telecom Act also requires all new television sets to contain a so-called "V-chip" capable of blocking all programs with a given rating.

Rate Regulation. The 1992 Cable Act authorized rate regulation for cable communications services and equipment in communities that are not subject to "effective competition," as defined by federal law. Most cable communications systems are now subject to rate regulation for basic cable service and equipment by local officials under the oversight of the FCC, which has prescribed detailed criteria for such rate regulation. The 1992 Cable Act also requires the FCC to resolve complaints about rates for CPSTs (other than programming offered on a per channel or per program basis, which programming is not subject to rate regulation) and to reduce any such rates found to be unreasonable. The 1996 Telecom Act provides for rate deregulation of CPSTs by March 1999 (see "The 1996 Telecom Act").

FCC regulations, which became effective in September 1993, govern rates that may be charged to subscribers for basic cable service and certain CPSTs (together, the "Regulated Services"). The FCC uses a benchmark methodology as the principal method of regulating rates for Regulated Services. Cable operators are also permitted to justify rates using a cost-of-service methodology. In 1994, the FCC's benchmark regulations required operators to implement rate reductions for Regulated Services of up to 17% of the rates for such services in effect on September 30, 1992, adjusted for inflation, programming modifications, equipment costs and increases in certain operating costs. In July 1994, the Company reduced rates for Regulated Services in the majority of its cable systems to comply with the FCC's regulations. The FCC has also adopted comprehensive and restrictive regulations allowing operators to modify their regulated rates on a quarterly or annual basis using various methodologies that account for changes in the number of regulated channels, inflation and increases in certain external costs, such as franchise and other governmental fees, copyright and retransmission consent fees, taxes, programming fees and franchise related obligations. The Company cannot predict whether the FCC will modify these "going forward" regulations in the future.

Franchising authorities are empowered to regulate the rates charged for additional outlets and for the installation, lease and sale of equipment used by subscribers to receive the basic cable service tier, such as converter boxes and remote control units. The FCC's rules require franchising authorities to regulate these rates on the basis of actual cost plus a reasonable profit, as defined by the FCC.

Cable operators required to reduce rates may also be required to refund overcharges with interest. Rate reductions will not be required where a cable operator can demonstrate that existing rates for Regulated Services are reasonable using the FCC's cost-of-service rate regulations which require, among other things, the exclusion of 34% of system acquisition costs related to intangible and tangible assets used to provide Regulated Services. The FCC's cost-of-service regulations contain a rebuttable presumption of an industry-wide 11.25% after tax rate of return on an operator's allowable rate base, but the FCC has initiated a further rulemaking in which it proposes to use an operator's actual debt cost and capital structure to determine an operator's cost of capital or rate of return.

The Company has settled the majority of outstanding proceedings challenging its rates charged for regulated cable services. In December 1995, the FCC adopted an order approving a negotiated settlement of rate complaints pending against the Company for CPSTs which provided $6.6 million in refunds, plus interest, given in the form of bill credits during 1996, to 1.3 million of the Company's cable subscribers. As part of the negotiated settlement, the Company agreed to forego certain inflation and external cost adjustments for systems covered by its cost-of-service filings for CPSTs. The Company currently is seeking to justify rates for basic cable services and equipment in certain of its cable systems in the State of Connecticut on the basis of a cost-of-service showing. The State of Connecticut has ordered the Company to reduce such rates and to make refunds to subscribers. The Company has appealed the Connecticut decision to the FCC. Recent pronouncements from the FCC, which generally support the Company's position on appeal, have caused the State of Connecticut to reexamine its prior ruling. While the Company cannot predict the outcome of this action, the Company believes that the ultimate resolution of these pending regulatory matters will not have a material adverse impact on the Company's financial position, results of operations or liquidity.

"Anti-Buy Through" Provisions. The 1992 Cable Act requires cable systems to permit subscribers to purchase video programming offered by the operator on a per channel or a per program basis without the necessity of subscribing to any tier of service, other than the basic cable service tier, unless the system's lack of addressable converter boxes or other technological limitations does not permit it to do so. The statutory exemption for cable systems that do not have the technological capability to offer programming in the manner required by the statute is available until a system obtains such capability, but not later than December 2002. The FCC may waive such time periods, if deemed necessary. Many of the Company's systems do not have the technological capability to offer programming in the manner required by the statute and thus currently are exempt from complying with the requirement.

Must Carry/Retransmission Consent. The 1992 Cable Act contains broadcast signal carriage requirements that allow local commercial television broadcast stations to elect once every three years to require a cable system to carry the station, subject to certain exceptions, or to negotiate for "retransmission consent" to carry the station. A cable system generally is required to devote up to one-third of its activated channel capacity for the carriage of local commercial television stations whether pursuant to the mandatory carriage or retransmission consent requirements of the 1992 Cable Act. Local non-commercial television stations are also given mandatory carriage rights; however, such stations are not given the option to negotiate retransmission consent for the carriage of their signals by cable systems. Additionally, cable systems are required to obtain retransmission consent for all "distant" commercial television stations (except for commercial satellite-delivered independent "superstations" such as WTBS), commercial radio stations and certain low-power television stations carried by such systems after October 1993. The US Supreme Court is currently reviewing the constitutional validity of the 1992 Cable Act's mandatory signal carriage requirements. The Company cannot predict the ultimate outcome of this litigation. Pending action by the US Supreme Court, the mandatory broadcast signal carriage requirements remain in effect.

Designated Channels. The Communications Act permits franchising authorities to require cable operators to set aside certain channels for public, educational and governmental access programming. The 1984 Cable Act also requires a cable system with 36 or more channels to designate a portion of its channel capacity for commercial leased access by third parties to provide programming that may compete with services offered by the cable operator. The FCC has adopted rules regulating: (i) the maximum reasonable rate a cable operator may charge for commercial use of the designated channel capacity; (ii) the terms and conditions for commercial use of such channels; and (iii) the procedures for the expedited resolution of disputes concerning rates or commercial use of the designated channel capacity. The US Supreme Court recently held parts of the 1992 Cable Act regulating "indecent" programming on local access channels to be unconstitutional, but upheld the statutory right of cable operators to prohibit or limit the provision of "indecent" programming on commercial leased access channels.

Franchise Procedures. The 1984 Cable Act affirms the right of franchising authorities (state or local, depending on the practice in individual states) to award one or more franchises within their jurisdictions and prohibits non-grandfathered cable systems from operating without a franchise in such jurisdictions. The 1992 Cable Act encourages competition with existing cable systems by (i) allowing municipalities to operate their own cable systems without franchises; (ii) preventing franchising authorities from granting exclusive franchises or from unreasonably refusing to award additional franchises covering an existing cable system's service area; and (iii) prohibiting (with limited exceptions) the common ownership of cable systems and co-located MMDS or SMATV systems. In January, 1995, the FCC relaxed its restrictions on ownership of SMATV systems to permit a cable operator to acquire SMATV systems in the operator's existing franchise area so long as the programming services provided through the SMATV system are offered according to the terms and conditions of the cable operator's local franchise agreement. The 1996 Telecom Act provides that the cable/SMATV and cable/MMDS cross-ownership rules do not apply in any franchise area where the operator faces "effective competition" as defined by federal law.

The Cable Acts also provide that in granting or renewing franchises, local authorities may establish requirements for cable-related facilities and equipment, but not for video programming or information services other than in broad categories. The Cable Acts limit the payment of franchise fees to 5% of revenues derived from cable operations and permit the cable operator to obtain modification of franchise requirements by the franchise authority or judicial action if warranted by changed circumstances. The Company's franchises typically provide for periodic payment of fees to franchising authorities of 5% of "revenues" (as defined by each franchise agreement), which fees may be passed on to subscribers. The 1996 Telecom Act generally prohibits franchising authorities from (i) imposing requirements in the cable franchising process that require, prohibit or restrict the provision of telecommunications services by an operator, (ii) imposing franchise fees on revenues derived by the operator from providing telecommunications services over its cable system, or (iii) restricting an operator's use of any type of subscriber equipment or transmission technology.

The 1984 Cable Act contains renewal procedures designed to protect incumbent franchisees against arbitrary denials of renewal. The 1992 Cable Act made several changes to the renewal process which could make it easier for a franchising authority to deny renewal. Moreover, even if the franchise is renewed, the franchising authority may seek to impose new and more onerous requirements such as significant upgrades in facilities and services or increased franchise fees as a condition of renewal. Similarly, if a franchising authority's consent is required for the purchase or sale of a cable system or franchise, such authority may attempt to impose more burdensome or onerous franchise requirements in connection with a request for such consent. Historically, franchises have been renewed for cable operators that have provided satisfactory services and have complied with the terms of their franchises. The Company believes that it has generally met the terms of its franchises and has provided quality levels of service. As such, the Company anticipates that its future franchise renewal prospects generally will be favorable.

Various courts have considered whether franchising authorities have the legal right to limit franchise awards to a single cable operator and to impose certain substantive franchise requirements (e.g. access channels, universal service and other technical requirements). These decisions have been somewhat inconsistent and, until the US Supreme Court rules definitively on the scope of cable operators' First Amendment protections, the legality of the franchising process generally and of various specific franchise requirements is likely to be in a state of flux.

Ownership Limitations. Pursuant to the 1992 Cable Act, the FCC adopted rules prescribing national subscriber limits and limits on the number of channels that can be occupied on a cable system by a video programmer in which the operator has an attributable interest. The effectiveness of these FCC horizontal ownership limits has been stayed because a federal district court found the statutory limitation to be unconstitutional. An appeal of that decision has been consolidated with appeals challenging the FCC's regulatory ownership restrictions and is pending. The 1996 Telecom Act eliminates the statutory prohibition on the common ownership, operation or control of a cable system and a television broadcast station in the same service area and directs the FCC to review its broadcast-cable ownership restrictions to determine if they are necessary in the public interest. Pursuant to the mandate of the 1996 Telecom Act, the FCC eliminated its regulatory restriction on cross-ownership of cable systems and national broadcasting networks.

LEC Ownership of Cable Systems. The 1996 Telecom Act makes far-reaching changes in the regulation of LECs that provide cable services. The new law eliminates federal legal barriers to competition in the local telephone and cable communications businesses, preempts legal barriers to competition that previously existed in state and local laws and regulations, and sets basic standards for relationships between telecommunications providers (see "The 1996 Telecom Act"). The 1996 Telecom Act generally limits acquisitions and prohibits certain joint ventures between LECs and cable operators in the same market. The FCC adopted regulations implementing the 1996 Telecom Act requirement that LECs open their telephone networks to competition by providing competitors interconnection, access to unbundled network elements and retail services at wholesale rates. Numerous parties have appealed these regulations. The appeals have been consolidated and will be reviewed by the US Court of Appeals for the Eighth Circuit, which has stayed the FCC's pricing and nondiscrimination regulations (see "Wireless Telecommunications - Cellular Telephone Communications - Legislation and Regulation"). The ultimate outcome of these rulemakings, and the ultimate impact of the 1996 Telecom Act or any final regulations adopted pursuant to the new law on the Company or its businesses cannot be determined at this time.

Pole Attachment. The Communications Act requires the FCC to regulate the rates, terms and conditions imposed by public utilities for cable systems' use of utility pole and conduit space unless state authorities can demonstrate that they adequately regulate pole attachment rates, as is the case in certain states in which the Company operates. In the absence of state regulation, the FCC administers pole attachment rates on a formula basis. In some cases, utility companies have increased pole attachment fees for cable systems that have installed fiber optic cables and that are using such cables for the distribution of non-video services. The FCC concluded that, in the absence of state regulation, it has jurisdiction to determine whether utility companies have justified their demand for additional rental fees and that the Communications Act does not permit disparate rates based on the type of service provided over the equipment attached to the utility's pole. The 1996 Telecom Act and the FCC's implementing regulations modify the current pole attachment provisions of the Communications Act by immediately permitting certain providers of telecommunications services to rely upon the protections of the current law and by requiring that utilities provide cable systems and telecommunications carriers with nondiscriminatory access to any pole, conduit or right-of-way controlled by the utility. Additionally, within two years of enactment of the 1996 Telecom Act, the FCC is required to adopt new regulations to govern the charges for pole attachments used by companies providing telecommunications services, including cable operators. These new pole attachment rate regulations will become effective five years after enactment of the 1996 Telecom Act, and any increase in attachment rates resulting from the FCC's new regulations will be phased in equal annual increments over a period of five years beginning on the effective date of the new FCC regulations.

Other Statutory Provisions. The 1992 Cable Act, the 1996 Telecom Act and FCC regulations preclude any satellite video programmer affiliated with a cable company, or with a common carrier providing video programming directly to its subscribers, from favoring an affiliated company over competitors and requires such programmers to sell their programming to other multichannel video distributors. These provisions limit the ability of program suppliers affiliated with cable companies or with common carriers providing satellite delivered video programming directly to their subscribers to offer exclusive programming arrangements to their affiliates. The Communications Act also includes provisions, among others, concerning horizontal and vertical ownership of cable systems, customer service, subscriber privacy, marketing practices, equal employment opportunity, obscene or indecent programming, regulation of technical standards and equipment compatibility.

Other FCC Regulations. The FCC has numerous rulemaking proceedings pending that will implement various provisions of the 1996 Telecom Act; it also has adopted regulations implementing various provisions of the 1992 Cable Act and the 1996 Telecom Act that are the subject of petitions requesting reconsideration of various aspects of its rulemaking proceedings. In addition to the FCC regulations noted above, there are other FCC regulations covering such areas as equal employment opportunity, syndicated program exclusivity, network program non-duplication, registration of cable systems, maintenance of various records and public inspection files, microwave frequency usage, lockbox availability, origination cablecasting and sponsorship identification, antenna structure notification, marking and lighting, carriage of local sports broadcast programming, application of rules governing political broadcasts, limitations on advertising contained in non-broadcast children's programming, consumer protection and customer service, ownership of home wiring, indecent programming, programmer access to cable systems, programming agreements, technical standards, consumer electronics equipment compatibility and DBS implementation. The FCC has the authority to enforce its regulations through the imposition of substantial fines, the issuance of cease and desist orders and/or the imposition of other administrative sanctions, such as the revocation of FCC licenses needed to operate certain transmission facilities often used in connection with cable operations.

Other bills and administrative proposals pertaining to cable communications have previously been introduced in Congress or considered by other governmental bodies over the past several years. It is probable that further attempts will be made by Congress and other governmental bodies relating to the regulation of communications services.

Copyright. Cable communications systems are subject to federal copyright licensing covering carriage of television and radio broadcast signals. In exchange for filing certain reports and contributing a percentage of their revenues to a federal copyright royalty pool, cable operators can obtain blanket permission to retransmit copyrighted material on broadcast signals. The nature and amount of future payments for broadcast signal carriage cannot be predicted at this time. The possible simplification, modification or elimination of the compulsory copyright license is the subject of continuing legislative review. The elimination or substantial modification of the cable compulsory license could adversely affect the Company's ability to obtain suitable programming and could substantially increase the cost of programming that remained available for distribution to the Company's subscribers. The Company cannot predict the outcome of this legislative activity.

Cable operators distribute programming and advertising that use music controlled by the two major music performing rights organizations, ASCAP and BMI. In October 1989, the special rate court of the US District Court for the Southern District of New York imposed interim rates on the cable industry's use of ASCAP-controlled music. The same federal district court recently established a special rate court for BMI. BMI and cable industry representatives recently concluded negotiations for a standard licensing agreement covering the performance of BMI music contained in advertising and other information inserted by operators into cable programming and on certain local access and origination channels carried on cable systems. The Company's settlement with BMI did not have a significant impact on the Company's financial position, results of operations or liquidity. ASCAP and cable industry representatives have met to discuss the development of a standard licensing agreement covering ASCAP-controlled music in local origination and access channels and pay-per-view programming. Although the Company cannot predict the ultimate outcome of these industry negotiations or the amount of any license fees it may be required to pay for past and future use of ASCAP-controlled music, it does not believe such license fees will be significant to the Company's financial position, results of operations or liquidity.

State and Local Regulation. Because a cable communications system uses local streets and rights-of-way, cable systems are subject to state and local regulation, typically imposed through the franchising process. Cable communications systems generally are operated pursuant to non-exclusive franchises, permits or licenses granted by a municipality or other state or local government entity. Franchises generally are granted for fixed terms and in many cases are terminable if the franchisee fails to comply with material provisions. The terms and conditions of franchises vary materially from jurisdiction to jurisdiction. Each franchise generally contains provisions governing cable service rates, franchise fees, franchise term, system construction and maintenance obligations, system channel capacity, design and technical performance, customer service standards, franchise renewal, sale or transfer of the franchise, territory of the franchisee, indemnification of the franchising authority, use and occupancy of public streets and types of cable services provided. A number of states subject cable communications systems to the jurisdiction of centralized state governmental agencies, some of which impose regulation of a character similar to that of a public utility.

Attempts in other states to regulate cable communications systems are continuing and can be expected to increase. To date, those states in which the Company operates that have enacted such state level regulation are Connecticut, New Jersey and Delaware. State and local franchising jurisdiction is not unlimited, however, and must be exercised consistently with federal law. The 1992 Cable Act immunizes franchising authorities from monetary damage awards arising from regulation of cable systems or decisions made on franchise grants, renewals, transfers and amendments.

The foregoing does not purport to describe all present and proposed federal, state, and local regulations and legislation affecting the cable industry. Other existing federal regulations, copyright licensing, and, in many jurisdictions, state and local franchise requirements, are currently the subject of judicial proceedings, legislative hearings and administrative proposals which could change, in varying degrees, the manner in which cable communications systems operate. Neither the outcome of these proceedings nor their impact upon the cable communications industry or the Company can be predicted at this time.

UK Regulation. The operation of a cable television/telephony system in the UK is regulated under both the Broadcasting Act 1990 (the "Broadcasting Act") (which replaced the Cable and Broadcasting Act 1984 (the "UK Cable Act")) and the Telecommunications Act 1984 (the "Telecommunications Act"). The operator of a cable/telephony franchise covering over 1,000 homes must hold two principal licenses: (i) a license (a "cable television license") issued in the past under the UK Cable Act or since 1990 under the Broadcasting Act, which allows the operator to provide cable television services in the franchise area, and (ii) a telecommunications license issued under the Telecommunications Act, which allows the operator to operate and use the physical network necessary to provide cable television and telecommunications services. The Independent Television Commission ("ITC") is responsible for the licensing and regulation of cable television. The Department of Trade and Industry ("DTI") is responsible for issuing, and the Office of Telecommunications ("OFTEL") is responsible for regulating the holders of, the telecommunications licenses. In addition, an operator is required to hold a license under the Wire- less Telegraphy Acts of 1949-67 for the use of microwave distribution systems. Any system covering 1,000 homes or less requires a telecommunications license but not a cable television license, and a system that covers only one building or two adjacent buildings can operate pursuant to an existing general telecommunications license.

The 1996 Broadcasting Act (the "1996 Act") became law in July 1996. The 1996 Act amends the Broadcasting Act and makes provision for the broadcasting in digital form of television and sound program services and broadcasting in digital form on television. The 1996 Act also addresses rights to televise sporting or other events of national interest. In addition, cable operators must comply with and are entitled to the benefits of the New Roads and Street Works Act 1991, the principal benefit of which is to allow cable operators to "piggy back" their construction on that of local utilities. However, the aggressive build schedules followed by the UK Operating Companies make waiting for local utilities to undertake construction impractical.

The cable television licenses held by the relevant subsidiaries of the UK Operating Companies were issued under the UK Cable Act for 15-year periods. The majority of the UK Operating Companies' cable television licenses have been extended to run for 23 years and are scheduled to expire beginning in late 2012. The telecommunications licenses held by these subsidiaries of the UK Operating Companies are for 23-year periods and are scheduled to expire beginning in late 2012.

ONLINE SERVICES

In December 1996, the Company began marketing high-speed cable modem services in areas served by two of its cable systems. High-speed cable modems are capable of providing access to online information, including the Internet, at much faster speeds than that of conventional or Integrated Service Digital Network ("ISDN") modems. In August 1996, the Company invested in the At Home Corporation ("@Home"), which offers a network that distributes high-speed interactive content over the cable industry's hybrid-fiber coaxial distribution architecture. The Company's @Home package includes a high-speed cable modem; 24-hour-a-day unlimited access to the Internet; electronic mail and chat; an Internet guide designed by @Home, featuring a menu of local community content, in addition to the vast Internet content already available. @Home is owned by the Company, TCI, Cox and Kleiner Perkins Caufield & Byers. The Company expects to expand the marketing of such services in selected cable systems during 1997. The Company anticipates that competition in the online services area will be significant. Competitors in this area include LECs, long distance carriers and others, many of whom have more substantial resources than the Company.

WIRELESS TELECOMMUNICATIONS

The Company's wireless telecommunications operations primarily consist of the Company's cellular telephone communications operations. The Company's other wireless telecommunications businesses includes its DBS operations, including the Company's investment in Primestar (see "Wired Telecommunications - Cable Communications - Competition"), and its interest in Sprint Spectrum, which has acquired 29 PCS licenses and is in the process of developing operations to provide telecommunications services (see "General Developments of Business - Sprint Spectrum"). A subsidiary of the Company also was the high bidder on twelve 10-MHz PCS licenses in an auction conducted by the FCC completed in January 1997. In addition, the Company, through a majority owned and consolidated subsidiary, provides directory assistance and other information services to users of wireless telephones in a number of domestic markets.

CELLULAR TELEPHONE COMMUNICATIONS

General

The Company is engaged in the development, management and operation of cellular telephone communications systems in various service areas pursuant to licenses granted by the FCC. Each service area is divided into segments referred to as "cells" equipped with a receiver, signaling equipment and a low-power transmitter. The use of low-power transmitters and the placement of cells close to one another permits re-use of frequencies, thus substantially increasing the volume of calls capable of being handled simultaneously over the number handled by prior generation systems. Each cell has a coverage area generally ranging from one to more than 300 square miles. A cellular telephone system includes one or more computerized central switching facilities known as mobile switching centers ("MSC") which control the automatic transfer of calls, coordinate calls to and from cellular telephones and connect calls to the LEC or to an interexchange carrier. An MSC also records information on system usage and subscriber statistics.

Each cell's facilities monitor the strength of the signal returned from the subscriber's cellular telephone. When the signal strength declines to a predetermined level and the transmission strength is greater at another cell in or interconnected with the system, the MSC automatically and instantaneously passes the mobile user's call in progress to the other cell without disconnecting the call ("hand off"). Interconnection agreements between cellular telephone system operators and various LECs and interexchange carriers establish the manner in which the cellular telephone system integrates with other telecommunications systems.

As required by the FCC, all cellular telephones are designed for compatibility with cellular systems in all markets within the US so that a cellular telephone may be used wherever cellular service is available. Each cellular telephone system in the US uses one of two groups of channels, termed "Block A" and "Block B," which the FCC has allotted for cellular service. Minor adjustments to cellular telephones may be required to enable the subscriber to change from a cellular system on one frequency block to a cellular system on the other frequency block.

While most MSCs process information digitally, most radio transmission of cellular telephone calls is done on an analog basis. Digital transmission of cellular telephone calls offers advantages, including larger system capacity and the potential for lower incremental costs for additional subscribers. The FCC allows carriers to provide digital service and requires cellular carriers to provide analog service. The Company's implementation of digital radio technology is expected to commence in 1997. It is anticipated that a substantial portion of increased capacity for subsequent traffic and subscriber growth will be accommodated using the lower cost digital technology.

The Company provides services to its cellular telephone subscribers similar to those provided by conventional landline telephone systems, including custom calling features such as call forwarding, call waiting, conference calling, directory assistance and voice mail. The Company is responsible for the quality, pricing and packaging of cellular telephone service for each of the systems it owns or controls.

Reciprocal agreements among cellular telephone system operators allow their respective subscribers ("roamers") to place and receive calls in most service areas throughout the country. Roamers are charged rates which are generally at a premium to the regular service rate. In recent years, cellular carriers have experienced increased fraud associated with roamer service, including Electronic Serial Number ("ESN") cloning. The Company and other carriers have implemented a number of features which have decreased the incidents of fraudulent use of their systems. Among these are Personal Identification Numbers ("PINs"), which are required to be used by a majority of the Company's customers, and the Company's Security Zone feature which restricts customer usage outside of the Company's service areas.

In addition, the Company has implemented authentication and radiofrequency ("RF") fingerprinting technologies which associate ESN/mobile number combinations with particular cellular telephone units. The use of digital radio technology also purportedly will make it more difficult to commit cellular fraud. However, fraudulent use of the Company's systems remains a significant concern.

Company's Systems

The table below sets forth summary information regarding the total population ("Pops") in the markets served by the Company's systems by Metropolitan Statistical Area ("MSA") and Rural Service Area ("RSA") as of December 31, 1996 (in thousands):

Market	Ownership	Pops (1)	Net Pops
MSAs:			
Atlantic City, NJ	97%	333	323
Aurora-Elgin, IL	82%	48	39
Joliet, IL	84%	36	30
Long Branch, NJ	100%	591	591
New Brunswick, NJ	100%	703	703
Philadelphia, PA	100%	4,894	4,894
Trenton, NJ	85%	331	281
Vineland, NJ	95%	139	132
Wilmington, DE	100%	618	618
		7,693	7,611
RSAs:			
Ocean County, NJ	100%	471	471
Kent and Sussex, DE	50%	257	129
		728	600
		8,421	8,211

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(1) Source: 1997 Rand McNally Commercial Atlas & Marketing Guide

As of December 31, 1996, the Company's consolidated cellular telephone business had 762,000 subscribers in the markets listed above.

Competition

The FCC generally grants two licenses to operate cellular telephone systems in each market. One of the two licenses was initially awarded to a company or group affiliated with the local landline telephone carriers in the market (the "Wireline" license), and the other license was initially awarded to a company, individual, or group not affiliated with any landline telephone carrier (the "Non-Wireline" license). The Company's systems are all Non-Wireline systems and compete directly with the Wireline licensee in each market in attracting and retaining cellular telephone customers and dealers. The Wireline licensee in the Company's principal markets is Cellco Partnership, a joint venture between Bell Atlantic Mobile Systems, Inc. and NYNEX Mobile Communications Co. The Company's principal Wireline competitor has a larger coverage area and may have access to more substantial financial resources than the Company.

In recent years, new mobile telecommunications service providers have entered the market and created additional competition in the wireless telecommunications business. Many of such providers have access to substantial capital resources and operate, or through affiliates operate, cellular telephone systems, bringing significant wireless experience to the new marketplace. Accordingly, while there are only two cellular providers licensed in a given area, new competitors continue to emerge utilizing different frequencies and new technologies. Competition between wireless operators in each market is principally on the basis of services and enhancements offered, technical quality of the system, quality and responsiveness of customer service, price and coverage area.

The most prominent new providers are the PCS operators. PCS is used to describe a variety of digital, wireless communications systems currently primarily suited for use in densely populated areas. At the power levels that the FCC's rules now provide, each cell of a PCS system would have more limited coverage than a cell in a cellular telephone system. The FCC has allocated spectrum and adopted rules for both narrow and broadband PCS services. In 1994, the FCC completed a spectrum auction for nationwide narrowband PCS licenses, undertook the first regional narrowband PCS auction, and began the first auction of broadband PCS spectrum (see "General Developments of Business - Sprint Spectrum"). All of the 30-MHz Major Trading Area ("MTA") licenses for PCS were issued by June 1995 and PCS licensees are required to construct their networks to be capable of covering one third of their service area population within five years of the date of licensing. Winners in the Company's Philadelphia markets were AT&T Wireless Services, Inc. and PhillieCo, L.P., an affiliate of Sprint Spectrum. Broadband PCS service likely will become a direct competitor to cellular service. In September 1996, the FCC granted, through a bidding process, an additional 30-MHz Basic Trading Area ("BTA") PCS license, designated for license to small businesses, rural telephone companies and other entrepreneurs. Additional auctions for 10-MHz blocks of PCS spectrum (including licenses designated for small businesses) were concluded in January 1997. A wholly owned subsidiary of the Company was the high bidder on twelve 10-MHz licenses covering the Philadelphia MTA and the Allentown BTA, with a bid of $17.5 million for these licenses.

Cellular telephone systems, including the Company's systems, also face actual or potential competition from other current and developing technologies. Specialized Mobile Radio ("SMR") systems, such as those used by taxicabs, as well as other forms of mobile communications service, may provide competition in certain markets. SMR systems are permitted by FCC rules to be interconnected to the public switched telephone network and are significantly less expensive to build and operate than cellular telephone systems. SMR systems are, however, licensed to operate on substantially fewer channels per system than cellular telephone systems and currently lack cellular's ability to expand capacity through frequency re-use by using many low-power transmitters and to hand-off calls. Nextel Communications, Inc., in which the Company holds an equity interest, has begun to implement its proposal to use its available SMR spectrum in various metropolitan areas more efficiently to increase capacity and to provide a broad range of mobile radio communications services. This proposal, known as enhanced SMR service, could provide additional competition to existing cellular carriers, including the Company. In 1994, the FCC decided to license SMR systems in the 800-MHz bands for wide-area use, thus increasing potential competition with cellular. The FCC has also decided to license SMR spectrum in contiguous blocks via the competitive bidding process.

One-way paging or beeper services that feature voice message, data services and tones are also available in the Company's markets. These services may provide adequate capacity and sufficient mobile capabilities for some potential cellular subscribers, thus providing additional competition to the Company's systems.

The FCC requires cellular licensees to provide service to resellers of cellular service which purchase cellular service from licensees, usually in the form of blocks of numbers, then resell the service to the public. Thus, a reseller may be both a customer and a competitor of a licensed cellular operator. The FCC currently is seeking comment on whether resellers should be permitted to install separate switching facilities in cellular systems, although it has tentatively concluded not to require such interconnections. The FCC is also considering whether resellers should receive direct assignments of telephone numbers from LECs.

It is likely that the FCC will offer additional spectrum for wireless mobile licenses in the future. Spectrum in the "Wireless Communications Service" is to be auctioned in April 1997. Applicants also have received and others are seeking FCC authorization to construct and operate global satellite networks to provide domestic and international mobile communications services from geostationary and low earth orbit satellites. In addition, the Omnibus Budget Reconciliation Act of 1993 ("1993 Budget Act") provided, among other things, for the release of 200-MHz of Federal government spectrum for commercial use over a fifteen year period. These developments and further technological advances may make available other alternatives to cellular service thereby creating additional sources of competition.

Legislation and Regulation

FCC Regulation. The FCC regulates the licensing, construction, operation and acquisition of cellular telephone systems pursuant to the Communications Act. For licensing purposes, the FCC divided the US into separate markets: 306 MSAs and 428 RSAs. In each market, the allocated cellular frequencies are divided into two blocks: Block A, initially awarded for utilization by Non-Wireline entities such as the Company, and Block B, initially awarded for utilization by affiliates of local exchange Wireline telephone companies. There is no technical or operational difference between Wireline and Non-Wireline systems other than different frequencies.

Under the Communications Act, no party may transfer control of or assign a cellular license without first obtaining FCC consent. FCC rules (i) prohibit an entity controlling one system in a market from holding any interest in the competing cellular system in the market and (ii) prohibit an entity from holding non-controlling interests in more than one system in any market, if the common ownership interests present anti-competitive concerns under FCC policies. Cellular radio licenses generally expire on October 1 of the tenth year following grant of the license in the particular market and are renewable for periods of ten years upon application to the FCC. Licenses may be revoked for cause and license renewal applications denied if the FCC determines that a renewal would not serve the public interest. FCC rules provide that competing renewal applications for cellular licenses will be considered in comparative hearings, and establish the qualifications for competing applications and the standards to be applied in such hearings. Under current policies, the FCC will grant incumbent cellular licensees a "renewal expectancy" if the licensee has provided substantial service to the public, substantially complied with applicable FCC rules and policies and the Communications Act and is otherwise qualified to hold an FCC license. The FCC has granted renewal of the Company's licenses for the Philadelphia, PA, Wilmington, DE and New Brunswick and Long Branch, NJ MSAs. The Company's license for the Trenton, NJ MSA expires in October 1997. The balance of the Company's licenses expire from 1998 through 2006.

The FCC regulates the ability of cellular operators to bundle the provision of service with hardware, the resale of cellular service by third parties and the coordination of frequency usage with other cellular licensees. The FCC also regulates the height and power of base station transmitting facilities and signal emissions in the cellular system. Cellular systems also are subject to Federal Aviation Administration and FCC regulations concerning the siting, construction, marking and lighting of cellular transmitter towers and antennae. In addition, the FCC also regulates the employment practices of cellular operators.

The Communications Act currently restricts foreign ownership or control over commercial mobile radio licenses, which include cellular radio service licenses. The FCC recently decided to consider the opportunities that other nations provide to US companies in their communications industries as a factor in deciding whether to permit higher levels of indirect foreign ownership in companies controlling common carrier and certain other radio licenses. The 1996 Telecom Act relaxes these restrictions by eliminating the statutory provisions restricting foreign officers and directors in licensees and their parent corporations. In February 1997, the US government entered into a World Trade Organization agreement with respect to telecommunications. Upon its effectiveness, the agreement will require the US, among other things, to afford "national" treatment to foreign investors seeking indirect ownership of commercial mobile radio service ("CMRS") licenses in the US. These changes may permit additional foreign investment and participation in the US wireless marketplace and therefore may enhance competition.

Allegations of harmful effects from the use of hand-held cellular phones have caused the cellular industry to fund additional research to review and update previous studies concerning the safety of the emissions of electromagnetic energy from cellular phones. In August 1996, however, the FCC adopted new standards for evaluating the extent to which wireless facilities will expose both employees and the public to RF radiation. At that time, the FCC determined that state and local regulation of RF radiation from facilities used to provide "personal wireless services," including cellular and PCS, is preempted to the extent the facilities comply with the FCC's RF exposure limits.

The FCC also requires LECs in each market to offer reasonable terms and facilities for the interconnection of both cellular telephone systems in that market to the LECs' landline network. Cellular telephone companies affiliated with the LEC are required to disclose how their systems will interconnect with the landline network. The licensee not affiliated with the LEC has the right to interconnect with the landline network in a manner no less favorable than that of the licensee affiliated with the LEC. In addition, the licensee not affiliated with the LEC may, at its discretion, request reasonable interconnection arrangements that are different than those provided to the affiliated licensee in that market, and the LEC must negotiate such requests in good faith. The FCC reiterated its position on interconnection issues in a declaratory ruling which clarified that LECs are expected to provide, within a reasonable time, the agreed-upon form of interconnection. In June 1996, the FCC adopted a national regulatory framework for implementing the local competition provisions of the 1996 Telecom Act, including adoption of rules delineating interconnection obligations of incumbent LECs ("ILECs"), unbundling requirements for ILEC network elements, requirements for access to local rights-of-way, dialing parity and telephone numbering, and requirements for resale of and non-discriminatory access to ILEC services. In many instances, the FCC left the task of implementing the FCC's regulatory standards to the individual states. Numerous LECs have appealed the FCC's decisions and a judicial determination of the legality of the FCC's interconnection rules is pending at the US Court of Appeals for the Eighth Circuit, which has stayed certain portions of the FCC's new regulations concerning ILEC pricing and nondiscrimination obligations.

Notwithstanding the federal court stay of certain FCC interconnection regulations, a subsidiary of the Company has renegotiated its interconnection contracts with Bell Atlantic pursuant to the 1996 Telecom Act. The agreements, covering Pennsylvania, New Jersey, Delaware and Maryland, provide for the reciprocal transport and termination of CMRS traffic by Bell Atlantic and the Company at substantially reduced rates. These agreements have been submitted to each of the four state public utility commissions for their approval, and have been approved in three of such states. Because the terms of these agreements, including pricing, are similar to agreements already approved by those states, the Company expects to receive regulatory approval by the remaining public utility commission without substantial modification.

To date, the FCC has undertaken significant efforts to reconsider the regulation of CMRS providers in the wake of competitive developments in the telecommunications marketplace. For instance, in June 1996, the FCC eliminated the cellular/PCS cross-ownership rule in favor of a single, generally applicable, CMRS spectrum cap rule. The change permits cellular providers to hold attributable interests in 20-MHz of PCS spectrum (e.g. two 10-MHz licenses) in areas where there is significant service area overlap. The FCC is also considering whether all CMRS providers should provide interconnection to all other CMRS providers. The FCC recently initiated a rulemaking to establish new federal universal service mechanisms. The proceeding will determine the extent to which cellular operators and other wireless and wireline telecommunications service providers will be required to contribute to state and federal universal service funds, as well as their ability to draw universal service support. The FCC also initiated a rulemaking to reform its system of interstate access charges to make it compatible with the 1996 Telecom Act and with federal and state actions to open local networks to competition. The new rules will establish a transition to an access charge structure that more closely reflects the economic costs of accessing landline networks for the termination of long distance calls. Further, the FCC is considering new rules to govern how customer proprietary network information ("CPNI") may be used by telecommunications carriers, including the BOCs, in marketing a broad range of telecommunications services to their customers, and the customers of affiliated companies. Resolution of the issues raised in this proceeding may affect the costs of providing cellular service and the way in which the Company conducts its business. However, the Company does not anticipate that resolution of these issues will result in a significant adverse impact on its financial position, results of operations or liquidity.

Finally, the 1996 Telecom Act relieves BOC-affiliated cellular providers of their equal access obligations. As such, BOC-affiliated carriers are afforded greater flexibility in contracting with interexchange carriers for the provision of long distance services. Prior to the legislative change, cellular systems affiliated with the BOCs were required to offer equal access to interexchange carriers and those affiliated with AT&T voluntarily provided equal access. Nevertheless, the FCC retains authority to require all CMRS operators to provide unblocked access through the use of other mechanisms if customers are being denied access to the telephone toll service providers of their choice, and if such denial is contrary to the public interest.

State Regulation and Local Approvals. Except for the State of Illinois, the states in which the Company presently operates currently do not regulate cellular telephone service. In the 1993 Budget Act, Congress gave the FCC the authority to preempt states from regulating rates or entry into CMRS, including cellular. In the CMRS order, described above, the FCC preempted the states and established a procedure for states to petition the FCC for authority to regulate rates and entry into CMRS. The FCC, to date, has denied all state petitions to regulate the rates charged by CMRS providers.

The scope of the allowable level of state regulation of CMRS, however, remains unclear. The 1993 Budget Act does not identify the "other terms and conditions" of CMRS service that can be regulated by the states. Moreover, the extent to which states may regulate intrastate LEC-CMRS interconnection remains unresolved. The resolution of this issue will impact the extent to which cellular providers will be subject to state regulation of CMRS interconnection to the LECs. The siting of cells also remains subject to state and local jurisdiction although petitions seeking clarification of states' siting authority are currently pending at the FCC.

DBS OPERATIONS

Primestar, in which the Company holds an equity interest (see "Description of the Company's Businesses - Cable Communications - Competition"), provides programming and marketing support to its partners. The Company is also a franchisee of the Primestar DBS service, which is provided to customers via medium-power communications satellite to leased HSDs of approximately three feet in diameter. Through its DBS operations, the Company provided service to approximately 121,000 Primestar subscribers as of December 31, 1996.

CONTENT

Content consists primarily of the Company's 57% ownership interest in QVC, Inc. and its subsidiaries ("QVC"), which is consolidated with and managed by the Company. In addition, Comcast Content and Communication Corporation ("C3") is engaged in the development of content in four distinct areas: development and production of programming for the Company and other media outlets; enhancement of existing and creation of new distribution channels; expansion of transactional services; and acquisitions of programming and media related companies. In the programming sector, C3 assists the Company with its programming investments which include E! Entertainment (see "General Developments of Business - E! Entertainment"), Viewer's Choice, The Golf Channel, Speedvision, Outdoor Life, Music Choice, Lightspan and the Sunshine Network.

ELECTRONIC RETAILING

General

The Company provides electronic retailing services through QVC, a domestic and international general merchandise retailer. Through its merchandise-focused television programs, QVC sells a wide variety of products directly to consumers. The products are described and demonstrated by program hosts and orders are placed directly with QVC by viewers who call a toll-free telephone number. QVC television programming is produced at its facilities in Pennsylvania and is distributed nationally via satellite to affiliated local cable system operators and other multichannel video programming providers ("Program Carriers") who have entered into carriage agreements (the "Affiliation Agreements") with QVC and who retransmit QVC programming to their subscribers.

QVC Services

Products. QVC sells a variety of consumer products and accessories including jewelry, apparel and accessories, housewares, collectibles, electronics, toys and cosmetics. QVC obtains products from domestic and foreign manufacturers and wholesalers and is often able to make purchases on favorable terms based on the volume of the transactions. QVC intends to continue introducing new products and product lines. QVC is not dependent upon any one particular supplier for any significant portion of its inventory.

Process. Viewers place orders to purchase merchandise by calling a toll-free telephone number. QVC uses automatic call distributing equipment to distribute calls to its operators. The majority of all payments for purchases are made with a major credit card or QVC's private label credit card. The accounts receivable from QVC's private label credit card program are purchased (with recourse) and serviced by an unrelated third party. QVC's policy is to ship merchandise promptly from its distribution centers, typically within 24 hours after receipt of an order. QVC offers a return policy which permits customers to return within 30 days any merchandise purchased from QVC for a full refund of the purchase price and original shipping charges.

Primary Channel. QVC's main channel (the "Primary Channel"), is transmitted live 24 hours a day, 7 days a week, to approximately 54 million cable television homes and on a part-time basis to approximately two million additional cable television homes. In addition, the Primary Channel can be received by approximately five million HSD users. The QVC program schedule consists of one-hour and multi-hour program segments. Each program segment has a theme devoted to a particular category of product or lifestyle. From time to time, QVC features special program segments devoted to merchandise associated with a particular celebrity, event, geographical region or seasonal interest.

Q2. QVC's secondary channel ("Q2") broadcasts 24 hours a day, 7 days a week, to approximately nine million cable television homes and on a part-time basis to approximately two million additional cable television homes. In addition, the Q2 service can be received by approximately four million HSD users. In the first half of 1996, the format of Q2 programming was changed to become a faster-paced, news-like format, combining live hosts and edited tape of top products and stories from the Primary Channel.

QVC UK. In October 1993, QVC launched an electronic retailing program service in the UK ("QVC--The Shopping Channel") through a joint venture agreement with British Sky Broadcasting Limited. This service currently reaches over five million cable television and HSD-served homes in the UK.

QVC Germany. In December 1996, QVC launched an electronic retailing programming service in Germany. The service currently reaches over four million cable television and HSD-served homes in Germany.

iQVC. In December 1995, QVC launched its interactive shopping service ("iQVC") on The Microsoft Network ("MSN"), Microsoft Corporation's on-line service. In 1996, iQVC was also made available through the Internet. The iQVC service offers a diverse array of merchandise, available on-line, 24 hours a day, 7 days a week.

QVC Transmission

The QVC signal is transmitted via two exclusive, protected, non-preemptible transponders on communications satellites. Each communications satellite has a number of separate transponders. 'Protected' status means that, in the event of transponder failure, QVC's signal will be transferred to a spare transponder or, if none is available, to a preemptible transponder located on the same satellite or, in certain cases, to a transponder on another satellite owned by the same lessor if one is available at the time of the failure. 'Non-preemptible' status means that the transponder cannot be preempted in favor of a user of a 'protected' transponder that has failed. QVC has never had an interruption in programming due to transponder failure and believes that because it has the exclusive use of two protected, non-preemptible transponders, such interruption is unlikely to occur. There can be no assurance, however, that there will not be an interruption or termination of satellite transmission due to transponder failure. Such interruption or termination could have a material adverse effect on QVC.

Program Carriers

QVC has entered into Affiliation Agreements with Program Carriers to carry its programming. There are generally no additional charges to the subscribers for distribution of QVC. In return for carrying QVC, each Program Carrier receives an allocated portion, based upon market share, of five percent of the net sales of merchandise sold to customers located in the Program Carrier's service area. The terms of most Affiliation Agreements are automatically renewable for one-year terms unless terminated by either party on at least 90 days notice prior to the end of the term. Affiliation Agreements covering most of QVC's cable television homes can be terminated in the sixth year of their respective terms by the Program Carrier unless the Program Carrier earns a specified minimum level of sales commissions. QVC's sales are currently at levels that meet such minimum requirements. The Affiliation Agreements provide for the Program Carrier to broadcast commercials regarding QVC on other channels and to distribute QVC's advertising material to subscribers. As of December 31, 1996, approximately 30% of the total homes reached by QVC were attributable to QVC's Affiliation Agreements with the Company and TCI, the indirect owner of the minority interest in QVC, and their respective subsidiaries.

Renewal of these Affiliation Agreements on favorable terms is dependent upon QVC's ability to negotiate successfully with Program Carriers. QVC competes for cable channels with competitive programming, as well as alternative programming supplied by a variety of other well-established sources, including news, public affairs, entertainment and sports programmers. QVC's business is highly dependent on its affiliation with Program Carriers for the transmission of QVC programming. The loss of a significant number of cable television homes because of termination or non-renewal of Affiliation Agreements would have a material adverse effect on QVC. To induce Program Carriers to enter into or extend Affiliation Agreements or to increase the number of cable television homes under existing Affiliation Agreements, QVC has developed other incentive programs, including various forms of marketing, launch and equipment purchase support. QVC will continue to recruit additional Program Carriers and seek to enlarge its audience.

Legislation and Regulation

The FCC does not directly regulate the content or transmission of programming services like those offered by QVC. The FCC does, however, exercise regulatory authority over the satellites and uplink facilities which transmit programming services such as those provided by QVC. The FCC has granted, subject to periodic reviews, permanent licenses to QVC for its uplink facilities (and for backup equipment of certain of these facilities) at sufficient power levels for transmission of QVC. Regarding the satellites from which QVC obtains transponder capacity, the FCC presently exercises licensing authority but does not regulate the rates, terms or conditions of service provided by these facilities. Pursuant to its residual statutory authority, the FCC could, however, alter the regulatory obligations applicable to satellite service providers.

Competition

QVC operates in a highly competitive environment. As a general merchandise retailer, QVC competes for consumer expenditures and interest with the entire retail industry, including department, discount, warehouse and specialty stores, mail order and other direct sellers, shopping center and mall tenants and conventional free-standing stores, many of which are connected in chain or franchise systems. On television, it is also in competition with other satellite-transmitted programs for channel space and viewer loyalty. QVC believes that, at the present time, most Program Carriers are not willing to devote more than two channels to televised shopping and may allocate only one until digital compression is utilized on a large-scale basis several years in the future. Many systems have limited channel capacity and may be precluded from adding any new programs at the present time. The development and utilization of digital compression is expected to provide Program Carriers with greater channel capacity thereby increasing the opportunity for QVC, in addition to other home shopping programs, to be distributed on additional channels.

Seasonality

QVC's business is seasonal in nature, with its major selling season during the last quarter of the calendar year. Net revenue for the fourth quarter of the year ended December 31, 1996 accounted for 30% of QVC's annual net sales from electronic retailing.

EMPLOYEES

As of December 31, 1996, the Company had 16,400 employees, excluding employees in managed operations. Of these employees, 7,700 were associated with domestic cable communications, 5,500 were associated with electronic retailing and 1,500 were associated with cellular telephone communications. The Company believes that its relationships with its employees are good.

ITEM 2 PROPERTIES

Domestic Cable Communications

The principal physical assets of a cable communications system consist of a central receiving apparatus, distribution cables, converters, regional customer service call centers and local business offices. The Company owns or leases the receiving and distribution equipment of each system and owns or leases parcels of real property for the receiving sites, regional customer service call centers and local business offices. The physical components of cable communications systems require maintenance and periodic upgrading and rebuilding to keep pace with technological advances. A significant number of the Company's systems will be upgraded or rebuilt over the next several years.

Cellular Communications

The principal physical assets of a cellular telephone communications system include cell sites and central switching equipment. The Company primarily leases its sites used for its transmission facilities, retail stores and its administrative offices. The physical components of a cellular telephone communications system require maintenance and upgrading to keep pace with technological advances. It is anticipated that digital capability will be added to the Company's system beginning in 1997.

Electronic Retailing

The principal physical assets of the Company's electronic retailing operations consist of television studios, telecommunications centers, local business offices and various product warehouses and distribution centers. The Company, through QVC, owns the majority of these assets. The physical components of electronic retailing operations require maintenance and periodic upgrading and rebuilding to keep pace with technological advances. QVC's warehousing and distribution facilities will be upgraded or rebuilt over the next several years.

The Company's management believes that substantially all of its physical assets are in good operating condition.

ITEM 3 LEGAL PROCEEDINGS

The Company is not party to litigation which, in the opinion of the Company's management, will have a material adverse effect on the Company's financial position, results of operations or liquidity.

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At a Special Meeting of Shareholders on November 7, 1996, the shareholders approved the following proposal:

> To issue Comcast Class A Special Common Stock in the Merger of The E.W. Scripps Company with and into the Company.

Class of Stock	For	Against	Abstain
Class A	21,215,706	90,737	48,151
Class B	131,793,750		

ITEM 4A EXECUTIVE OFFICERS OF THE REGISTRANT

The current term of office of each of the officers expires at the first meeting of the Board of Directors of the Company following the next Annual Meeting of Shareholders, presently scheduled to be held in June 1997, or as soon thereafter as each of their successors is duly elected and qualified.

The following table sets forth certain information concerning the principal executive officers of the Company, including their ages, positions and tenure as of February 1, 1997:

Name	Age	Officer Since	Position with the Company
Ralph J. Roberts	76	1969	Chairman of the Board of Directors; Director
Julian A. Brodsky	63	1969	Vice Chairman of the Board of Directors; Director
Brian L. Roberts	37	1986	President; Director
Lawrence S. Smith	49	1988	Executive Vice President
John R. Alchin	48	1990	Senior Vice President; Treasurer
Stanley L. Wang	56	1981	Senior Vice President; General Counsel; Secretary

Ralph J. Roberts has served as a Director and Chairman of the Board of Directors of the Company for more than five years. Mr. Roberts has been the President and a Director of Sural Corporation, a privately-held investment company ("Sural"), the Company's largest shareholder, for more than five years. Mr. Roberts devotes a major portion of his time to the business and affairs of the Company. As of December 31, 1996, the shares of the Company owned by Sural constitute 80.6% of the voting power of the two classes of the Company's voting common stock combined. Mr. Roberts currently has voting control of Sural. Mr. Roberts is also a Director of Comcast UK Cable Partners Limited and Storer Communications, Inc.

Julian A. Brodsky has served as a Director and Vice Chairman of the Board of Directors for more than five years. Mr. Brodsky presently serves as the Treasurer and a Director of Sural. Mr. Brodsky devotes a major portion of his time to the business and affairs of the Company. Mr. Brodsky is also a Director of Comcast UK Cable Partners Limited, Storer Communications, Inc. and RBB Fund, Inc.

Brian L. Roberts has served as President of the Company and as a Director for more than five years. Mr. Roberts presently serves as Vice President and a Director of Sural. Mr. Roberts devotes a major portion of his time to the business and affairs of the Company. Mr. Roberts is also a Director of Teleport Communications Group, Inc., Comcast UK Cable Partners Limited and Storer Communications, Inc. He is a son of Ralph J. Roberts.

Lawrence S. Smith was named Executive Vice President of the Company in December 1995. Prior to that time, Mr. Smith served as Senior Vice President of the Company for more than five years. Mr. Smith is the Principal Accounting Officer of the Company. Mr. Smith is a Director of Teleport Communications Group, Inc. and Comcast UK Cable Partners Limited and is a Partnership Board Representative of Sprint Spectrum Holding Company, L.P.

John R. Alchin has served as Treasurer and Senior Vice President of the Company for more than five years. Mr. Alchin is the Principal Financial Officer of the Company. Mr. Alchin is a Director of Comcast UK Cable Partners Limited.

Stanley L. Wang has served as Senior Vice President, Secretary and General Counsel of the Company for more than five years. Mr. Wang is a Director of Storer Communications, Inc.

PART II

ITEM 5 MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Class A Special Common Stock and Class A Common Stock of the Company are traded in the over-the-counter market and are included on Nasdaq under the symbols CMCSK and CMCSA, respectively. There is no established public trading market for the Class B Common Stock of the Company. The Class B Common Stock is convertible, on a share for share basis, into Class A Special or Class A Common Stock. The following table sets forth, for the indicated periods, the closing price range of the Class A Special and Class A Common Stock as furnished by Nasdaq.

	Class A Special		Class A	
	High	Low	High	Low
1996				
First Quarter..................	$21 1/16	$17 1/2	$20 5/8	$17 1/4
Second Quarter.................	18 3/4	16 1/4	18 7/8	16 5/16
Third Quarter..................	18 3/8	13 7/8	18 1/4	13 7/8
Fourth Quarter.................	17 7/8	14 5/8	17 3/4	14 1/4
1995				
First Quarter..................	$16 5/16	$14 9/16	$16 3/8	$14 3/8
Second Quarter.................	19 1/16	14	18 7/8	13 3/4
Third Quarter..................	22	18 5/8	22 1/8	18 9/16
Fourth Quarter.................	20 5/8	16 5/8	20 7/16	16 1/2

The Company began paying quarterly cash dividends on its Class A Common Stock in 1977. Since 1978, the Company has paid equal dividends on shares of both the Class A Common Stock and the Class B Common Stock. Since December 1986, when the Class A Special Common Stock was issued, the Company has paid equal dividends on shares of the Class A Special, Class A and Class B Common Stock. The Company declared dividends of $.0933 for each of the years ended December 31, 1996 and 1995 on shares of Class A Special, Class A and Class B Common Stock. The declaration and payment of future dividends and their amount depend upon the results of operations, financial condition and capital needs of the Company, contractual restrictions of the Company and its subsidiaries and other factors.

The holders of the Class A Special Common Stock are not entitled to vote in the election of directors or otherwise, except where class voting is required by applicable law, in which case, each holder of Class A Special Common Stock shall be entitled to one vote per share. Each holder of Class A Common Stock has one vote per share and each holder of Class B Common Stock has 15 votes per share. Under applicable law, holders of Class A Special Common Stock have voting rights in the event of certain amendments to the Articles of Incorporation and certain mergers and other fundamental corporate changes. In all other instances, including the election of directors, the Class A Common Stock and the Class B Common Stock vote as one class. Neither the holders of Class A Common Stock nor the holders of Class B Common Stock have cumulative voting rights.

As of February 1, 1997, there were 2,672 record holders of the Company's Class A Special Common Stock and 1,793 record holders of the Company's Class A Common Stock. Sural Corporation is the sole record holder of the Company's Class B Common Stock.

ITEM 6 SELECTED FINANCIAL DATA

	Year Ended December 31,				
	1996 (1)	1995 (1)	1994 (1)	1993 (6)	1992 (6)
	(Dollars in millions, except per share data)				
Statement of Operations Data:					
Revenues..............................	$4,038.4	$3,362.9	$1,375.3	$1,338.2	$900.3
Operating income......................	508.9	329.8	239.8	264.9	165.1
Equity in net losses of affiliates....	144.8	86.6	40.9	28.9	104.3
Loss before extraordinary items and cumulative effect of accounting changes..................	(52.5)	(37.8)	(75.3)	(98.9)	(217.9)
Extraordinary items...................	(1.0)	(6.1)	(11.7)	(17.6)	(52.3)
Cumulative effect of accounting changes (2).........................				(742.7)	
Net loss..............................	(53.5)	(43.9)	(87.0)	(859.2)	(270.2)
Loss per share before extraordinary items and cumulative effect of accounting changes (3).............	(.21)	(.16)	(.32)	(.46)	(1.08)
Extraordinary items per share (3).....		(.02)	(.05)	(.08)	(.26)
Cumulative effect of accounting changes per share (3)...............				(3.47)	
Net loss per share (3)................	(.21)	(.18)	(.37)	(4.01)	(1.34)
Cash dividends declared per share (3).............	.0933	.0933	.0933	.0933	.0933
Balance Sheet Data:					
At year end:					
Total assets........................	12,088.6	9,580.3	6,763.0	4,948.3	4,271.9
Working capital (deficiency)........	40.9	531.6	(52.1)	176.6	36.9
Long-term debt......................	7,102.7	6,943.8	4,810.5	4,154.8	3,973.5
Stockholders' equity (deficiency)...	551.6	(827.7)	(726.8)	(870.5)	(181.6)
Supplementary Financial Data:					
Operating income before depreciation and amortization (4)...	1,207.2	1,018.8	576.3	606.4	397.2
Net cash provided by operating activities (5)...........	799.6	520.7	369.1	345.9	252.3

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(1) See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a discussion of events which affect the comparability of the information reflected in the above selected financial data.
(2) Primarily represents the cumulative effect of the adoption of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," effective January 1, 1993.
(3) As adjusted for the Company's three-for-two stock split effective February 2, 1994.
(4) Operating income before depreciation and amortization is commonly referred to in the Company's businesses as "operating cash flow." Operating cash flow is a measure of a company's ability to generate cash to service its obligations, including debt service obligations, and to finance capital and other expenditures. In part due to the capital intensive nature of the Company's businesses and the resulting significant level of non-cash depreciation and amortization expense, operating cash flow is frequently used as one of the bases for comparing businesses in the Company's industries. Operating cash flow does not purport to represent net income or net cash provided by operating activities, as those terms are defined under generally accepted accounting principles, and should not be considered as an alternative to such measurements as an indicator of the Company's performance.
(5) Represents net cash provided by operating activities as presented in the Company's consolidated statement of cash flows.
(6) Comparability of the information presented for the years ended December 31, 1993 and 1992 is affected by the Company's acquisition of AWACS, Inc., the Non-Wireline cellular telephone system serving the Philadelphia MSA, from Metromedia Company in March 1992 and the split-off of Storer Communications, Inc. ("Storer") between the Company and Storer's other shareholder in December 1992. Prior to December 1992, the Company had a 50% interest in Storer which was accounted for under the equity method.

ITEM 7 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

The Company has experienced significant growth in recent years through both strategic acquisitions and growth in its existing businesses. The Company has historically met its cash needs for operations through its cash flows from operating activities. Cash requirements for acquisitions and capital expenditures have been provided through the Company's financing activities and sales of long-term investments, as well as its existing cash, cash equivalents and short-term investments.

General Developments of Business

E! Entertainment

As of December 31, 1996, the Company owned a 10.4% interest in E! Entertainment Television, Inc. ("E! Entertainment"), an entertainment programming service that currently is distributed to more than 42 million subscribers. The Company has the right, by virtue of various agreements among the shareholders of E! Entertainment, to purchase an additional 58.4% interest in E! Entertainment from Time Warner, Inc. ("Time Warner") for $321.1 million. In January 1997, the Company and The Walt Disney Company ("Disney") entered into an agreement to form a new limited liability company ("Newco") that will be owned 50.1% by the Company and 49.9% by Disney. Pursuant to the agreement, the Company will contribute to Newco its 10.4% interest in E! Entertainment, the right to exercise its option to purchase the Time Warner interest and $132.3 million in cash. Disney will contribute to Newco $188.8 million in cash. Newco will use the cash contributed by the Company and Disney to purchase the Time Warner interest. Following such purchase, Newco will own a 68.8% interest in E! Entertainment. To fund the cash portion of its contribution, the Company will borrow $132.3 million from Disney in the form of two 10-year, 7% notes (the "Disney Notes"). These transactions (collectively, the "E! Acquisition") are expected to close in the first quarter of 1997, subject to regulatory approval and certain other conditions.

Scripps Cable

In November 1996, the Company acquired the cable television operations ("Scripps Cable") of The E.W. Scripps Company in exchange for 93.048 million shares of the Company's Class A Special Common Stock, par value $1.00 per share (the "Class A Special Common Stock"), valued at $1.552 billion (the "Scripps Acquisition"). Scripps Cable passed more than 1.3 million homes and served more than 800,000 subscribers as of December 31, 1996, with 60% of its subscribers located in Sacramento, California and Chattanooga and Knoxville, Tennessee. The Company has accounted for the Scripps Acquisition under the purchase method and Scripps Cable was consolidated with the Company effective November 1, 1996.

Comcast-Spectacor

In July 1996, the Company completed its acquisition (the "Sports Venture Acquisition") of a 66% interest in the Philadelphia Flyers Limited Partnership, a Pennsylvania limited partnership ("PFLP"), the assets of which, after giving effect to the Sports Venture Acquisition, consist of (i) the National Basketball Association ("NBA") franchise to own and operate the Philadelphia 76ers basketball team and related assets (the "Sixers"), (ii) the National Hockey League ("NHL") franchise to own and operate the Philadelphia Flyers hockey team and related assets, and (iii) two adjacent arenas, leasehold interests in and development rights related to the land underlying the arenas and other adjacent parcels of land located in Philadelphia, Pennsylvania (collectively, the "Arenas"). Concurrent with the completion of the Sports Venture Acquisition, PFLP was renamed Comcast Spectacor, L.P. ("Comcast-Spectacor").

The Sports Venture Acquisition was completed in two steps. In April 1996, the Company purchased the Sixers for $125.0 million in cash plus assumed net liabilities of $11.0 million through a partnership controlled by the Company. To complete the Sports Venture Acquisition, in July 1996, the Company contributed its interest in the Sixers, exchanged approximately 3.5 million shares of the Company's Class A Special Common Stock and 6,370 shares of the Company's newly issued 5% Series A Convertible Preferred Stock (the "Preferred Stock"), and paid $15.0 million in cash for its current interest in Comcast-Spectacor. The remaining 34% interest in Comcast-Spectacor is owned by a group, including the former majority owner of PFLP, who also manages Comcast-Spectacor (the "Minority

Group"). In connection with the Sports Venture Acquisition, Comcast-Spectacor assumed the outstanding liabilities relating to the Sixers and the Arenas, including a mortgage obligation of $155.0 million. The Company accounts for its interest in Comcast-Spectacor under the equity method.

Sprint Spectrum

The Company, Tele-Communications, Inc. ("TCI"), Cox Communications, Inc. ("Cox," and together with the Company and TCI, the "Cable Parents") and Sprint Corporation ("Sprint," and together with the Cable Parents, the "Parents"), and certain subsidiaries of the Parents (the "Partner Subsidiaries") engage in the wireless communications business through a limited partnership known as "Sprint Spectrum," a development stage enterprise. The Company owns 15% of Sprint Spectrum and accounts for its investment in Sprint Spectrum under the equity method.

Sprint Spectrum was the successful bidder for 29 personal communications services ("PCS") licenses in the auction conducted by the Federal Communications Commission ("FCC") from December 1994 through mid-March 1995. The purchase price for the licenses was $2.11 billion, all of which has been paid to the FCC. In addition, Sprint Spectrum has invested, and may continue to invest, in other entities that hold PCS licenses, may acquire PCS licenses in future FCC auctions or from other license holders and may affiliate with other license holders.

Repurchase Program

Concurrent with the announcement of the Scripps Acquisition in October 1995, the Company announced that its Board of Directors authorized a market repurchase program (the "Repurchase Program") pursuant to which the Company may purchase, at such times and on such terms as it deems appropriate, up to $500.0 million of its outstanding common stock, subject to certain restrictions and market conditions. During the years ended December 31, 1996 and 1995, the Company repurchased 10.5 million shares and 680,000 shares, respectively, of its common stock for aggregate consideration of $180.0 million and $12.4 million, respectively, pursuant to the Repurchase Program. During January 1997, the Company repurchased an additional 450,000 shares of its common stock for aggregate consideration of $7.6 million. The Repurchase Program will terminate in May 1997.

QVC

In February 1995, the Company and TCI acquired all of the outstanding stock of QVC, Inc. and its subsidiaries ("QVC") not previously owned by them (approximately 65% of such shares on a fully diluted basis) for $46, in cash, per share (the "QVC Acquisition"), representing a total cost of approximately $1.4 billion. The QVC Acquisition, including the exercise of certain warrants held by the Company, was financed with cash contributions from the Company and TCI of $296.3 million and $6.6 million, respectively, borrowings of $1.1 billion under a $1.2 billion QVC credit facility and existing cash and cash equivalents held by QVC. Following the acquisition, the Company and TCI owned, through their respective subsidiaries, 57.45% and 42.55%, respectively, of QVC. The Company, through a management agreement, is responsible for the day to day operations of QVC. The Company has accounted for the QVC Acquisition under the purchase method and QVC was consolidated with the Company effective February 1, 1995.

Maclean Hunter

In December 1994, the Company, through Comcast MHCP Holdings, L.L.C. (the "LLC"), acquired the US cable television and alternate access operations of Maclean Hunter Limited ("Maclean Hunter") from Rogers Communications Inc. and all of the outstanding shares of Barden Communications, Inc. (collectively, such acquisitions are referred to as the "Maclean Hunter Acquisition") for approximately $1.2 billion in cash. The Company and the California Public Employees' Retirement System ("CalPERS") invested $305.6 million and $250.0 million, respectively, in the LLC, which is owned 55% by a wholly owned subsidiary of the Company and 45% by CalPERS, and is managed by the Company. The balance of the Maclean Hunter Acquisition was financed through borrowings under a credit facility of a wholly owned subsidiary of the LLC. The Company has accounted for the Maclean Hunter Acquisition under the purchase method and Maclean Hunter was consolidated with the Company effective December 22, 1994.

Liquidity and Capital Resources

Cash, Cash Equivalents and Short-term Investments

The Company has traditionally maintained significant levels of cash, cash equivalents and short-term investments to meet its short-term liquidity requirements. Cash, cash equivalents and short-term investments as of December 31, 1996 and 1995 were $539.6 million and $910.1 million, respectively. As of December 31, 1996, $376.8 million of the Company's cash, cash equivalents and short-term investments is restricted to use by subsidiaries of the Company under contractual or other arrangements, including $213.7 million which is restricted to use by Comcast UK Cable Partners Limited ("Comcast UK Cable"), a consolidated subsidiary of the Company.

The Company's cash equivalents and short-term investments are recorded at cost which approximates their fair value. As of December 31, 1996, the Company's short-term investments of $208.3 million include 1.27 million shares of Time Warner common stock recorded at fair value of $47.4 million (see "Investments"). The remaining short-term investments, of $160.9 million, had a weighted average maturity of approximately 10 months.

Accounts Receivable - Electronic Retailing

The Company has an agreement with an unrelated third party which provides for the sale and servicing of accounts receivable relating to the Company's electronic retailing operations. The Company sold accounts receivable at face value of $687.0 million and $530.2 million under this agreement in 1996 and 1995, respectively. The Company remains obligated to repurchase uncollectible accounts pursuant to the recourse provisions of the agreement and is required to maintain a specified percentage of all outstanding receivables under the program as a deposit with the third party to secure its obligations under the agreement.

The uncollected balance of accounts receivable sold under this program was $317.7 million and $283.1 million as of December 31, 1996 and 1995, respectively, of which $284.5 million and $234.5 million, respectively, represent deposits under the agreement, that are included in accounts receivable. Total recorded reserves relating to the possible repurchase of uncollectible accounts was $73.2 million and $71.6 million as of December 31, 1996 and 1995, respectively. The receivables sold under the program are considered, for financial reporting purposes, to be financial instruments with off-balance sheet risk. The carrying value of accounts receivable, adjusted for the reserves described above, approximates fair value as of December 31, 1996 and 1995.

Investments

Under the provisions of the Sprint Spectrum partnership agreement, the Partner Subsidiaries have committed to contribute $4.2 billion in cash to Sprint Spectrum through 1999, of which the Company's share is $630.0 million. Of this funding requirement, the Company has made total cash contributions to Sprint Spectrum of $452.8 million through December 31, 1996 and issued a $105.0 million guaranty on a portion of Sprint Spectrum's outstanding debt. The Company anticipates that Sprint Spectrum's capital requirements over the next several years will be significant. Requirements in excess of committed capital are planned to be funded by Sprint Spectrum through external financing, including, but not limited to, vendor financing, bank financing and securities offered to the public. In August 1996, Sprint Spectrum sold $750.0 million principal amount at maturity of Senior Notes and Senior Discount Notes due in 2006 in a public offering. In October 1996, Sprint Spectrum closed three credit agreements which provided $2.0 billion in bank financing and $3.1 billion in vendor financing. The timing of the Company's remaining capital contributions to Sprint Spectrum is dependent upon a number of factors, including Sprint Spectrum's working capital requirements. The Company anticipates funding its remaining capital commitments to Sprint Spectrum through its cash flows from operating activities, its existing cash, cash equivalents, short-term investments and lines of credit or other external financing, or by a combination of these sources.

The Company held 693,000 shares of common stock of Nextel Communications, Inc. ("Nextel") as of December 31, 1995. In February 1996, in connection with certain preemptive rights of the Company under previously existing agreements with Nextel, the Company purchased an additional 8.16 million shares of Nextel common stock at $12.25 per share, for a total cost of $99.9 million. During the years ended December 31, 1996 and 1995, the Company sold 5.6 million shares and 11.3 million shares, respectively, of Nextel common stock for $105.4 million and $212.6 million, respectively, and recognized pre-tax gains of $35.4 million and $36.2 million, respectively, as investment income in its consolidated statement of operations. As of December 31, 1996, the Company held 3.3 million shares of Nextel common stock, classified as long-term investments available for sale. As of December 31, 1996, the Company held options, which expire in September 1997, to acquire an additional 25.0 million shares of Nextel common stock at $16 per share. These options are also classified as long-term investments available for sale. In 1997, the Company sold these options to Nextel for $25.0 million.

The Company received 1.36 million shares of Time Warner common stock (the "Time Warner Stock") in exchange (the "Exchange") for all of the shares of Turner Broadcasting System, Inc. ("TBS") stock (the "TBS Stock") held by the Company as a result of the merger of Time Warner and TBS in October 1996. As a result of the Exchange, the Company recognized a gain of $47.3 million in the fourth quarter of 1996, representing the difference between the Company's historical cost basis in the TBS Stock of $8.9 million and the new basis for the Company's investment in Time Warner Stock of $56.2 million, which was based on the closing price of the Time Warner Stock on the merger date of $41.375 per share. In December 1996 and January 1997, the Company sold 92,500 shares and 1.27 million shares, respectively, of the Time Warner Stock, representing the Company's entire interest in Time Warner, for $3.7 million and $48.6 million, respectively.

The Company does not have any additional significant contractual commitments with respect to any of its investments. However, to the extent the Company does not fund its investees' capital calls, it exposes itself to dilution of its ownership interests. The Company continually evaluates its existing investments as well as new investment opportunities.

Investment Rights

Beginning in January 1998, the Company has the right to purchase the minority interests in Comcast-Spectacor from the Minority Group for the Minority Group's pro rata portion of the fair market value (on a going concern basis as determined by an appraisal process) of Comcast-Spectacor. The Minority Group also has the right (together with the Company's right, the "Exit Rights") to require the Company to purchase its interests under the same terms. The Company may pay the Minority Group for such interests in shares of the Company's Class A Special Common Stock, subject to certain restrictions. If the Minority Group exercises its Exit Rights and the Company elects not to purchase their interest, the Company and the Minority Group will use their best efforts to sell Comcast-Spectacor.

Assuming consummation of the E! Acquisition, after the 18 month anniversary of the closing date of the E! Acquisition, Disney, in certain circumstances, is entitled to cause Newco to purchase Disney's entire interest in Newco at its then fair market value (as determined by an appraisal process). If Newco elects not to purchase Disney's interests, Disney has the right, at its option, to purchase either the Company's entire interest in Newco or all of the shares of stock of E! Entertainment held by Newco, in each case at fair market value. In the event that Disney exercises its rights, as described above, a portion or all of the Disney Notes may be replaced with a three year note due to Disney.

Liberty Media Corporation ("Liberty"), a majority owned subsidiary of TCI, may, at certain times following February 9, 2000, trigger the exercise of certain exit rights with respect to its investment in QVC. If the exit rights are triggered, the Company has first right to purchase Liberty's stock in QVC at Liberty's pro rata portion of the fair market value (on a going concern or liquidation basis, whichever is higher, as determined by an appraisal process) of QVC. The Company may pay Liberty for such stock, subject to certain rights of Liberty to consummate the purchase in the most tax-efficient method available, in cash, the Company's promissory note maturing not more than three years after issuance, the Company's equity securities or any combination thereof. If the Company elects not to purchase the stock of QVC held by Liberty, then Liberty will have a similar right to purchase the stock of QVC held by the Company. If Liberty elects not to purchase the stock of QVC held by the Company, then Liberty and the Company will use their best efforts to sell QVC.

As a result of the Maclean Hunter Acquisition, at any time after December 18, 2001, CalPERS may elect to liquidate its interest in the LLC at a price based upon the fair value of CalPERS' interest in the LLC, adjusted, under certain circumstances, for certain performance criteria relating to the fair value of the LLC or to the Company's common stock. Except in certain limited circumstances, the Company, at its option, may satisfy this liquidity arrangement by purchasing CalPERS' interest for cash, through the issuance of the Company's common stock (subject to certain limitations) or by selling the LLC.

Capital Expenditures

It is anticipated that, during 1997, the Company will incur approximately $1.1 billion of capital expenditures, including $600 million for the upgrading and rebuilding of certain of the Company's cable communications systems, $125 million for the upgrading of QVC's warehousing and distribution facilities, $125 million for the upgrading of the Company's cellular communications systems and $150 million for the build-out of the Company's consolidated United Kingdom ("UK") affiliates' systems. The remaining $100 million of anticipated capital expenditures for 1997 will be utilized for the Company's direct broadcast satellite operations and other initiatives. The amount of such capital expenditures for years subsequent to 1997 will depend on numerous factors, many of which are beyond the Company's control. These factors include whether competition in a particular market necessitates a cable system upgrade, whether a particular cable system has sufficient capacity to handle new product offerings including the offering of cable modem, cable telephony and telecommunications services, whether and to what extent the Company will be able to recover its investment under FCC rate guidelines and other factors, and whether the Company acquires additional cable systems in need of upgrading or rebuilding. The Company, however, anticipates capital expenditures for years subsequent to 1997 will continue to be significant. As of December 31, 1996, the Company does not have any significant contractual obligations for capital expenditures.

UK Industry Consolidation

Based on closed and announced transactions, it is apparent that the UK cable and telecommunications industries are undergoing a significant consolidation, which trend the Company expects to continue in the coming months. The Company has engaged an investment advisor to assist it in evaluating the current state of the UK marketplace, the position of other participants and its alternatives with respect to Comcast UK Cable. There can be no assurance that the Company will take any action, or in what time frame any such action, if undertaken, might be accomplished.

Financing

The Company has historically utilized a strategy of financing its acquisitions through senior debt at the acquired operating subsidiary level. Additional financing has also been obtained by the Company through the issuance of subordinated debt at the intermediate holding company and parent company levels and, to some extent, through public offerings of a subsidiary company's stock and debt instruments. As of December 31, 1996 and 1995, the Company's long-term debt, including current portion, was $7.332 billion and $7.029 billion, respectively, of which 45.2% and 54.0%, respectively, was at variable rates. Maturities of long-term debt outstanding as of December 31, 1996 for the five years commencing in 1997 are $229.5 million, $671.5 million, $462.5 million, $668.1 million and $1.282 billion. As of February 1, 1997, certain subsidiaries of the Company had unused lines of credit of $1.679 billion. The availability and use of these unused lines of credit is restricted by the covenants of the related debt agreements and to subsidiary general purposes and dividend declaration. In addition, of the total unused lines of credit, $625.0 million was established by a subsidiary for debt refinancing. The Company's long-term debt had estimated fair values of $7.323 billion and $7.089 billion as of December 31, 1996 and 1995, respectively. The Company's weighted average interest rate was 7.90%, 8.32% and 7.75% during the years ended December 31, 1996, 1995 and 1994, respectively. The Company continually evaluates its debt structure with the intention of reducing its debt service requirements when desirable.

In November 1995, Comcast UK Cable received net proceeds of $291.1 million from the sale of $517.3 million principal amount at maturity of its 11.20% senior discount debentures due 2007 (the "2007 Discount Debentures"). Interest accretes on the 2007 Discount Debentures at 11.20% per annum, compounded semi-annually from November 15, 1995 to November 15, 2000, after which date interest will be paid in cash on each May 15 and November 15, through November 15, 2007. The net proceeds from the offering are being utilized by Comcast UK Cable for advances and capital contributions to its equity investees and subsidiaries primarily for the build-out of their telecommunications networks in the UK.

As part of the Repurchase Program, the Company sold put options on 1.0 million and 3.0 million shares of its Class A Special Common Stock during the years ended December 31, 1996 and 1995, respectively. The put options give the holders the right to require the Company to repurchase such shares at specified prices on specific dates in January through March 1997. As of December 31, 1996, the Company has reclassified $69.6 million, the amount it would be obligated to pay to repurchase such shares upon exercise of the put options, to a temporary equity account in its consolidated balance sheet. The temporary equity related to these shares will be reclassified to additional capital in the first quarter of 1997 upon expiration or settlement of the options.

On March 27, 1997, the Company announced that its wholly owned subsidiary, Comcast Cellular Holdings Inc. ("Comcast Cellular"), intends to offer approximately $900 million of senior notes (the "Notes") in a private placement. The Notes will be obligations of Comcast Cellular and will not be obligations of, nor guaranteed by, the Company. The interest rate and certain other terms of the Notes have not yet been determined. However, there can be no assurance that acceptable terms will be reached or that the offering will be consummated. Comcast Cellular anticipates using the net proceeds from the offering to redeem or retire existing long-term debt of its subsidiaries.

Interest Rate and Foreign Currency Risk Management

The Company is exposed to market risk including changes in interest rates and foreign currency exchange rates. To manage the volatility relating to these exposures, the Company enters into various derivative transactions pursuant to the Company's policies in areas such as counterparty exposure and hedging practices. Positions are monitored using techniques including market value and sensitivity analyses. The Company does not hold or issue any derivative financial instruments for trading purposes and is not a party to leveraged instruments. The credit risks associated with the Company's derivative financial instruments are controlled through the evaluation and monitoring of the creditworthiness of the counterparties. Although the Company may be exposed to losses in the event of nonperformance by the counterparties, the Company does not expect such losses, if any, to be significant.

The use of interest rate risk management instruments, such as interest rate exchange agreements ("Swaps"), interest rate cap agreements ("Caps") and interest rate collar agreements ("Collars"), is required under the terms of certain of the Company's outstanding debt agreements. The Company's policy is to manage interest costs using a mix of fixed and variable rate debt. Using Swaps, the Company agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. Caps are used to lock in a maximum interest rate should variable rates rise, but enable the Company to otherwise pay lower market rates. Collars limit the Company's exposure to and benefits from interest rate fluctuations on variable rate debt to within a certain range of rates.

The following table summarizes the terms of the Company's existing Swaps, Caps and Collars as of December 31, 1996 and 1995 (dollars in millions):

	Notional Amount	Maturities	Average Interest Rate	Estimated Fair Value
As of December 31, 1996				
Variable to Fixed Swaps	$1,080.0	1997-2000	5.85%	$7.4
Caps	250.0	1997	8.55%	
Collars	620.0	1997-1998	6.98% / 5.16%	0.1
As of December 31, 1995				
Variable to Fixed Swaps	$650.0	1997-2000	6.05%	($6.8)
Caps	250.0	1997	8.20%	
Collars	300.0	1997	7.21% / 5.09%	(0.9)

The notional amounts of interest rate agreements, as presented in the above table, are used to measure interest to be paid or received and do not represent the amount of exposure to credit loss. The estimated fair value approximates the proceeds (costs) to settle the outstanding contracts. While Swaps, Caps and Collars represent an integral part of the Company's interest rate risk management program, their incremental effect on interest expense for the years ended December 31, 1996, 1995 and 1994 was not significant.

The Company has entered into certain foreign currency exchange option contracts ("FX Options") as a normal part of its foreign currency risk management efforts. During 1995, Comcast UK Cable entered into certain foreign exchange put option contracts ("FX Puts") which may be settled only on November 16, 2000. These FX Puts are used to limit Comcast UK Cable's exposure to the risk that the eventual cash outflows related to net monetary liabilities denominated in currencies other than its functional currency (the UK Pound Sterling or "UK Pound") (principally the 2007 Discount Debentures) are adversely affected by changes in exchange rates. As of December 31, 1996 and 1995, Comcast UK Cable had (pound)250.0 million notional amount of FX Puts to purchase US dollars at an exchange rate of $1.35 per (pound)1.00 (the "Ratio"). The FX Puts provide a hedge, to the extent the exchange rate falls below the Ratio, against Comcast UK Cable's net monetary liabilities denominated in US dollars since gains and losses realized on the FX Puts are offset against foreign exchange gains or losses realized on the underlying net liabilities. Premiums paid for the FX Puts, of $21.4 million, have been recorded as assets in the Company's consolidated balance sheet. These premiums are being amortized over the terms of the related contracts. As of December 31, 1996, the FX Puts had a carrying value of $18.4 million and an estimated fair value of $5.5 million. The differences between the carrying amounts and the estimated fair value of the FX Puts were not significant as of December 31, 1995.

In the fourth quarter of 1995, in order to reduce hedging costs, Comcast UK Cable sold foreign exchange call option contracts ("FX Calls") to exchange (pound)250.0 million notional amount. Comcast UK Cable received $5.3 million from the sale of these contracts. These contracts may only be settled on their expiration dates. Of these contracts, (pound)200.0 million notional amount, with an exchange ratio of $1.70 per (pound)1.00, expired unexercised in November 1996 while the remaining contract, with a (pound)50.0 million notional amount and an exchange ratio of $1.62 per (pound)1.00, has a settlement date in November 2000. In the fourth quarter of 1996, in order to continue to reduce hedging costs, Comcast UK Cable sold additional FX Calls, for proceeds of $3.5 million, to exchange (pound)200.0 million notional amount at an average exchange ratio of $1.75 per (pound)1.00. These contracts may only be settled on their expiration dates during the fourth quarter of 1997. The FX Calls are marked-to-market on a current basis in the Company's consolidated statement of operations.

As of December 31, 1996 and 1995, the estimated fair value of the liabilities related to the FX Calls, as recorded in the Company's consolidated balance sheet, was $12.2 million and $5.8 million, respectively. Changes in fair value between measurement dates relating to the FX Calls resulted in exchange losses of $2.2 million during the year ended December 31, 1996 in the Company's consolidated statement of operations. There were no significant exchange gains or losses relating to these contracts during the year ended December 31, 1995.

As a result of the Scripps Acquisition, the Company no longer has a stockholders' deficiency. However, the Company expects to continue to recognize significant losses for the foreseeable future resulting in decreases in stockholders' equity. The telecommunications industry, including cable and cellular communications, and the electronic retailing industry are experiencing increasing competition and rapid technological changes. The Company's future results of operations will be affected by its ability to react to changes in the competitive environment and by its ability to implement new technologies. However, the Company believes that competition, technological changes and its significant losses will not significantly affect its ability to obtain financing.

The Company believes that it will be able to meet its current and long-term liquidity and capital requirements, including fixed charges, through its cash flows from operating activities, existing cash, cash equivalents, short-term investments and lines of credit and other external financing.

Statement of Cash Flows

Cash and cash equivalents decreased $207.8 million as of December 31, 1996 from December 31, 1995 and increased $203.8 million as of December 31, 1995 from December 31, 1994. Changes in cash and cash equivalents resulted from cash flows from operating, financing and investing activities which are explained below.

Net cash provided by operating activities amounted to $799.6 million, $520.7 million and $369.1 million for the years ended December 31, 1996, 1995 and 1994, respectively. The increase of $278.9 million from 1995 to 1996 was principally due to changes in working capital as a result of the timing of receipts and disbursements and the increase in the Company's operating income before depreciation and amortization (see "Results of Operations"), including the effects of the Scripps Acquisition. The increase of $151.6 million from 1994 to 1995 was principally due to effects of the QVC Acquisition and the Maclean Hunter Acquisition.

Net cash (used in) provided by financing activities, which includes the issuances of securities as well as borrowings, was ($81.2) million, $2.036 billion and $1.115 billion for the years ended December 31, 1996, 1995 and 1994, respectively. During 1996, the Company borrowed $839.5 million under new and existing lines of credit and repaid $734.4 million, including $257.4 million in connection with the refinancing of certain indebtedness and $123.7 million of repayments under a vendor financing arrangement. Net repurchases of the Company's common stock in 1996 were $175.9 million. During 1995, the Company borrowed $3.728 billion including $1.1 billion in connection with the QVC Acquisition, $1.085 billion in connection with the refinancing of certain indebtedness, $300.9 million associated with the funding of Sprint Spectrum, $300.0 million of the 2007 Discount Debentures, $250.0 million of the Company's 9-3/8% senior subordinated debentures due 2005 and $250.0 million of the Company's 9-1/8% senior subordinated debentures due 2006. In addition, during 1995, the Company retired and repaid $1.620 billion of its long-term debt, including $1.186 billion in connection with the refinancing of certain indebtedness, and $175.0 million of optional repayments on QVC's credit facility. Proceeds from borrowings of $1.201 billion in 1994 included $1.015 billion relating to the Maclean Hunter Acquisition. During 1994, the Company repurchased or redeemed and retired $509.0 million of its long-term debt, including the Company's $150.0 million, 11-7/8% senior subordinated debentures due 2004. Net cash provided by financing activities in 1994 excludes the conversion of $186.2 million of long-term debt into 16.8 million shares of Class A Special Common Stock of the Company. In 1994, the Company received an equity contribution to a subsidiary of $250.0 million in connection with the Maclean Hunter Acquisition and received proceeds from the issuance of common stock of Comcast UK Cable of $209.4 million.

Net cash used in investing activities was $926.2 million, $2.353 billion and $1.309 billion for the years ended December 31, 1996, 1995 and 1994, respectively. During 1996, net cash used in investing activities includes acquisitions, net of cash acquired, of $60.4 million, additional cash investments in affiliates of $502.0 million, including $159.6 million in connection with the Company's investment in Comcast-Spectacor, capital contributions to Sprint Spectrum of $106.8 million and the purchase of Nextel shares of $99.9 million, and capital expenditures of $670.4 million. Cash proceeds from investing activities include proceeds from the sales of short-term and long-term investments of $377.7 million, including $105.4 million from sales of Nextel shares and $52.5 million of distributions from Garden State Cablevision, L.P. ("Garden State"), an investee of the Company. As the Company issued shares of its Class A Special Common Stock as consideration in the Scripps Acquisition, the transaction had no significant impact on investing activities in the consolidated statement of cash flows. During 1995, net cash used in investing activities includes acquisitions of $1.386 billion, principally the acquisition of QVC, net of cash acquired, additional cash investments in affiliates of $480.2 million, including capital contributions to Sprint Spectrum of $327.5 million, capital expenditures of $623.0 million and net purchases of short-term investments of $240.8 million. Such amounts were offset by proceeds from sales of long-term investments of $410.5 million, principally in connection with the Heritage Transaction (see "Results of Operations - Consolidated Analysis") and the sale of Nextel shares. Acquisitions in 1994 consisted principally of $1.2 billion paid, including certain transaction costs, in connection with the Maclean Hunter Acquisition. Net proceeds of $389.3 million from the sale of short-term investments during 1994 were used principally to redeem and retire long-term debt. In addition, during 1994, the Company made capital expenditures of $269.9 million and made additional cash investments in affiliates of $125.0 million.

Results of Operations

The effects of the Company's recent acquisitions have been to increase significantly the Company's revenues and expenses, resulting in substantial increases in its operating income before depreciation and amortization, depreciation expense, amortization expense and interest expense. In addition, the Company's equity in net losses of affiliates has increased principally as a result of the start-up nature of certain of the Company's equity investees (see "Operating Results by Business Segment" and "Consolidated Analysis"). As a result of the increases in depreciation expense, amortization expense and interest expense associated with these acquisitions and their financing and the expected increases in equity in net losses of affiliates, it is expected that the Company will continue to recognize significant losses for the foreseeable future.

Summarized consolidated financial information for the Company for the three years ended December 31, 1996 is as follows (dollars in millions, "NM" denotes percentage is not meaningful):

	Year Ended December 31, 1996	Year Ended December 31, 1995	Increase/(Decrease) $	Increase/(Decrease) %
Revenues	$4,038.4	$3,362.9	$675.5	20.1%
Cost of goods sold from electronic retailing	1,110.9	898.3	212.6	23.7
Operating, selling, general and administrative expenses	1,720.3	1,445.8	274.5	19.0
Operating income before depreciation and amortization (1)	1,207.2	1,018.8	188.4	18.5
Depreciation	314.6	339.9	(25.3)	(7.4)
Amortization	383.7	349.1	34.6	9.9
Operating income	508.9	329.8	179.1	54.3
Interest expense	540.8	524.7	16.1	3.1
Investment income	(122.6)	(229.8)	(107.2)	(46.6)
Equity in net losses of affiliates	144.8	86.6	58.2	67.2
Gain from equity offering of affiliate	(40.6)		40.6	NM
Other	2.6	(6.3)	(8.9)	(141.3)
Income tax expense	84.4	42.1	42.3	100.5
Minority interest	(48.0)	(49.7)	(1.7)	(3.4)
Extraordinary items	(1.0)	(6.1)	(5.1)	(83.6)
Net loss	($53.5)	($43.9)	$9.6	21.9%

	Year Ended December 31, 1995	Year Ended December 31, 1994	Increase/(Decrease) $	Increase/(Decrease) %
Revenues	$3,362.9	$1,375.3	$1,987.6	144.5%
Cost of goods sold from electronic retailing	898.3		898.3	NM
Operating, selling, general and administrative expenses	1,445.8	799.0	646.8	81.0
Operating income before depreciation and amortization (1)	1,018.8	576.3	442.5	76.8
Depreciation	339.9	182.2	157.7	86.6
Amortization	349.1	154.3	194.8	126.2
Operating income	329.8	239.8	90.0	37.5
Interest expense	524.7	313.4	211.3	67.4
Investment income	(229.8)	(24.6)	205.2	NM
Equity in net losses of affiliates	86.6	40.9	45.7	111.7
Other	(6.3)		6.3	NM
Income tax expense (benefit)	42.1	(9.2)	51.3	NM
Minority interest	(49.7)	(5.4)	44.3	NM
Extraordinary items	(6.1)	(11.7)	(5.6)	(47.9)
Net loss	($43.9)	($87.0)	($43.1)	(49.5%)

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(1) Operating income before depreciation and amortization is commonly referred to in the Company's businesses as "operating cash flow." Operating cash flow is a measure of a company's ability to generate cash to service its obligations, including debt service obligations, and to finance capital and other expenditures. In part due to the capital intensive nature of the Company's businesses and the resulting significant level of non-cash depreciation and amortization expense, operating cash flow is frequently used as one of the bases for comparing businesses in the Company's industries. Operating cash flow does not purport to represent net income or net cash provided by operating activities, as those terms are defined under generally accepted accounting principles, and should not be considered as an alternative to such measurements as an indicator of the Company's performance. See "Statement of Cash Flows" above for a discussion of net cash provided by operating activities.

Operating Results by Business Segment

The following represent the operating results of the Company's significant business segments, including: "Domestic Cable Communications," the most significant of the Company's wired telecommunications operations; "Electronic Retailing," the most significant of the Company's content businesses; and "Cellular Communications," the most significant of the Company's wireless telecommunications operations. The remaining components of the Company's operations are not independently significant to the Company's consolidated financial position or results of operations (see Note 10 to the Company's consolidated financial statements).

Domestic Cable Communications

The following table sets forth the operating results for the Company's domestic cable communications segment (dollars in millions):

	Year Ended December 31, 1996	1995	Increase $	%
Service income	$1,640.9	$1,454.9	$186.0	12.8%
Operating, selling, general and administrative expenses	830.9	736.4	94.5	12.8
Operating income before depreciation and amortization (a)	$810.0	$718.5	$91.5	12.7%

	Year Ended December 31, 1995	1994	Increase $	%
Service income	$1,454.9	$1,065.3	$389.6	36.6%
Operating, selling, general and administrative expenses	736.4	547.8	188.6	34.4
Operating income before depreciation and amortization (a)	$718.5	$517.5	$201.0	38.8%

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(a) See footnote (1) on page 34.

The Scripps Acquisition accounted for $52.3 million of the $186.0 million increase in service income from 1995 to 1996. Of the remaining increase of $133.7 million, $33.5 million is attributable to subscriber growth, $84.5 million is attributable to changes in rates, $4.7 million is attributable to growth in cable advertising sales and $11.0 million relates to other product offerings. The Maclean Hunter Acquisition accounted for $270.1 million of the $389.6 million increase in service income from 1994 to 1995. Of the remaining increase of $119.5 million, $46.0 million is attributable to subscriber growth, $54.6 million relates to changes in rates, which includes the change in the estimated effects of cable rate regulation, $14.0 million results from growth in cable advertising sales and $4.9 million relates to growth in other product offerings.

The Scripps Acquisition accounted for $30.9 million of the $94.5 million increase in operating, selling, general and administrative expenses from 1995 to 1996. Of the remaining increase of $63.6 million, $21.7 million is attributable to increases in the costs of programming as a result of subscriber growth, additional channel offerings and changes in rates, $25.3 million is attributable to increases in costs associated with implementation of three regional customer service call centers and increases in the cost of labor, $4.2 million is attributable to growth in cable advertising sales and $12.4 million is attributable to increases in other volume related expenses. The Maclean Hunter Acquisition accounted for $143.7 million of the $188.6 million increase in operating, selling, general and administrative expenses from 1994 to 1995. Of the remaining increase of $44.9 million, $22.6 million is attributable to increases in the costs of cable programming as a result of subscriber growth, additional channel offerings and changes in rates, $7.2 million is attributable to increases in expenses associated with the growth in cable advertising sales and $15.1 million results from increases in the cost of labor and other volume related expenses. It is anticipated that the Company's cost of cable programming will increase in the future as cable programming rates increase and additional sources of cable programming become available.

Electronic Retailing

As a result of the QVC Acquisition, the Company commenced consolidating the financial results of QVC effective February 1, 1995. The following table presents actual financial information for the year ended December 31, 1996 and pro forma financial information for the years ended December 31, 1995 and 1994. Pro forma financial information is presented herein for purposes of analysis and may not reflect what actual operating results would have been had the Company owned QVC since January 1, 1994 (dollars in millions):

	Year Ended December 31, 1996	1995	Increase $	%
Net sales from electronic retailing	$1,835.8	$1,619.2	$216.6	13.4%
Cost of goods sold from electronic retailing	1,110.9	976.4	134.5	13.8
Operating, selling, general and administrative expenses	424.6	387.4	37.2	9.6
Operating income before depreciation and amortization (a)	$300.3	$255.4	$44.9	17.6%
Gross margin	39.5%	39.7%		

	Year Ended December 31, 1995	1994	Increase $	%
Net sales from electronic retailing	$1,619.2	$1,374.5	$244.7	17.8%
Cost of goods sold from electronic retailing	976.4	839.5	136.9	16.3
Operating, selling, general and administrative expenses	387.4	326.1	61.3	18.8
Operating income before depreciation and amortization (a)	$255.4	$208.9	$46.5	22.3%
Gross margin	39.7%	38.9%		

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(a) See footnote (1) on page 34.

Effective April 1, 1995, QVC consolidated the results of its UK operations. These operations accounted for $50.3 million of the sales increase from 1995 to 1996. Nine months of sales from these operations accounted for $48.4 million of the sales increase from 1994 to 1995. The remaining increases of $166.3 million and $196.3 million from 1995 to 1996 and 1994 to 1995, respectively, are primarily attributable to increases of 7.2% and 9.2% in the average number of QVC homes receiving QVC services in the US over the respective prior year periods.

An allowance for returned merchandise is provided as a percentage of sales based on historical experience. The return provision was approximately 21 percent of gross sales for each of the years ended December 31, 1996, 1995 and 1994.

The $134.5 million and $136.9 million increases in cost of goods sold from electronic retailing from 1995 to 1996 and 1994 to 1995, respectively, are directly related to the growth in net sales. The 0.2 percentage point decrease in gross margin from 1995 to 1996 and 0.8 percentage point increase in gross margin from 1994 to 1995 are due to slight changes in product mix from year to year.

The growth in and consolidation of QVC's UK operations, effective April 1, 1995, resulted in increases in operating, selling, general and administrative expenses of $17.4 million and $25.8 million from 1995 to 1996 and 1994 to 1995, respectively. The remaining increases of $19.8 million and $35.5 million from 1995 to 1996 and 1994 to 1995, respectively, are attributable to higher sales volume, increases in advertising costs and additional costs associated with new businesses.

Cellular Communications

The following table sets forth the operating results for the Company's cellular communications segment (dollars in millions):

	Year Ended December 31, 1996	1995	Increase $	%
Service income	$426.1	$374.9	$51.2	13.7%
Operating, selling, general and administrative expenses	265.9	237.1	28.8	12.1
Operating income before depreciation and amortization (a)	$160.2	$137.8	$22.4	16.3%

	Year Ended December 31, 1995	1994	Increase $	%
Service income	$374.9	$286.1	$88.8	31.0%
Operating, selling, general and administrative expenses	237.1	169.8	67.3	39.6
Operating income before depreciation and amortization (a)	$137.8	$116.3	$21.5	18.5%

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(a) See footnote (1) on page 34.

Of the respective $51.2 million and $88.8 million increases in service income from 1995 to 1996 and 1994 to 1995, $69.6 million and $99.6 million, respectively, are attributable to the Company's subscriber growth. Offsetting the increases from 1995 to 1996 and 1994 to 1995 are decreases of $19.3 million and $25.0 million, respectively, resulting from reductions in the average rate per minute of use in these respective periods. The remaining changes from 1995 to 1996 and 1994 to 1995 are attributable to growth in roamer revenue and other products of $900,000 and $14.2 million, respectively. The Company expects that the decrease in average minutes-of-use per cellular subscriber will continue in the future, which is consistent with industry trends.

Of the respective $28.8 million and $67.3 million increases in operating, selling, general and administrative expenses from 1995 to 1996 and 1994 to 1995, $24.3 million and $38.2 million, respectively, are related to subscriber growth, including the costs to acquire and service subscribers. The remaining increases of $4.5 million and $29.1 million, respectively, are due to increases in other expenses, including subscriber retention costs, administrative costs and theft of service in 1995.

Consolidated Analysis

The $25.3 million decrease in depreciation expense from 1995 to 1996 is primarily attributable to the effects of the rebuild of certain of the Company's cellular equipment in 1995 (see below) offset, in part, by the effects of capital expenditures during 1995 and 1996 and the effects of the Scripps Acquisition in 1996. The $157.7 million increase in depreciation expense from 1994 to 1995 is attributable to the effects of the acquisitions of QVC and Maclean Hunter, the effects of the rebuild of certain of the Company's cellular equipment in 1995 and capital expenditures during the periods, offset, in part, by the effects of asset disposals during the periods.

In 1995, the Company's cellular division purchased $172.0 million of switching and cell site equipment which replaced the existing switching and cell site equipment (the "Cellular Rebuild"). The Company substantially completed the Cellular Rebuild during 1995. Accordingly, during 1995, the Company charged $110.0 million to depreciation expense which represented the difference between the net book value of the equipment replaced and the residual value realized upon its disposal.

The $34.6 million and $194.8 million increases in amortization expense from 1995 to 1996 and 1994 to 1995, respectively, are primarily attributable to the effects of the acquisition of Scripps Cable in 1996 and the effects of the acquisitions of QVC and Maclean Hunter in 1995 and 1994, respectively.

The $16.1 million increase in interest expense from 1995 to 1996 is primarily attributable to an increase in the Company's outstanding long-term debt, offset, in part, by a decrease in interest rates from 1995 to 1996 and the effects of capitalized interest. The $211.3 million increase in interest expense from 1994 to 1995 is primarily due to increased levels of debt associated with the acquisitions of QVC and Maclean Hunter.

The Company anticipates that, for the foreseeable future, interest expense will be a significant cost to the Company and will have a significant adverse effect on the Company's ability to realize net earnings. The Company believes it will continue to be able to meet its obligations through its ability both to generate operating income before depreciation and amortization and to obtain external financing.

The $107.2 million decrease in investment income from 1995 to 1996 is primarily attributable to the effects of the gain realized in the Heritage Transaction in 1995 (see below), offset, in part, by the gain recognized upon the exchange of the shares of TBS held by the Company for Time Warner Stock in 1996. The $205.2 million increase in investment income from 1994 to 1995 is principally due to the $177.2 million in gains related to the Heritage Transaction and the sale of Nextel common stock in 1995. The remaining increase for this period is due to the effects of the QVC Acquisition and an increase in the Company's cash, cash equivalents and short-term investments, offset by $15.3 million of losses recorded relating to the net realizable value of certain of the Company's investments.

In January 1995, the Company exchanged its investments in Heritage Communications, Inc. with TCI for 13.3 million publicly-traded Class A common shares of TCI with a fair market value of $290.0 million. Shortly thereafter, the Company sold 9.1 million unrestricted TCI shares for total proceeds of $188.1 million (collectively, the "Heritage Transaction"). As a result of these transactions, the Company recognized a pre-tax gain of $141.0 million as investment income in its 1995 consolidated statement of operations.

The increases in equity in net losses of affiliates for both periods are due to the timing of investments in and changes in losses incurred by Sprint Spectrum, TCGI (as defined below), the Company's international investees and certain programming investees. Based on Sprint Spectrum's current operations and business plan, the Company anticipates that its proportionate share of Sprint Spectrum's losses will be significant in future years.

Through June 27, 1996, the Company held investments in Teleport Communications Group Inc. ("TCGI"), TCG Partners and certain local joint ventures (the "Joint Ventures") managed by TCGI and TCG Partners. On June 27, 1996, TCGI sold approximately 27 million shares of its Class A Common Stock (the "TCGI Class A Stock"), for $16 per share, in an initial public offering (the "TCGI IPO"). In connection with the TCGI IPO, TCGI, the Company and subsidiaries of Cox, TCI and Continental Cablevision ("Continental" and collectively with Cox, TCI and the Company, the "Cable Stockholders") entered into an agreement pursuant to which TCGI was reorganized (the "Reorganization"). The Reorganization consisted of, among other things: (i) the acquisition by TCGI of TCG Partners; (ii) the acquisition by TCGI of additional interests in the Joint Ventures (including 100% of those interests held by the Company); and (iii) the contribution to TCGI of $269.0 million aggregate principal amount of indebtedness, plus accrued interest thereon, owed by TCGI to the Cable Stockholders (except that TCI retained a $26 million subordinated note of TCGI), including $53.8 million principal amount and $4.1 million of accrued interest owed to the Company. In connection with the Reorganization, the Company received 25.6 million shares of TCGI's Class B Common Stock (the "TCGI Class B Stock"). Each share of TCGI Class B Stock is entitled to voting power equivalent to ten shares of TCGI Class A Stock and is convertible, at the option of the holder, into one share of TCGI Class A Stock. The Company recorded a $40.6 million increase in its proportionate share of TCGI's net assets as a gain from equity offering of affiliate in its 1996 consolidated statement of operations. After giving effect to the Reorganization and the TCGI IPO, the Company owns 19.5% of the outstanding TCGI Class B Stock representing a 19.1% voting interest and a 16.1% equity interest. The Company continues to account for its interest in TCGI under the equity method. Assuming conversion of the TCGI Class B Stock held by the Company into TCGI Class A Stock, the Company's investment would have a fair value of approximately $781.5 million based on the quoted market price of the TCGI Class A Stock as of December 31, 1996.

The $8.9 million decrease in other income from 1995 to 1996 is primarily attributable to the settlement of certain litigation in 1996 offset, in part, by an increase in foreign exchange gains.

The $42.3 million and $51.3 million increases in income tax expense from 1995 to 1996 and 1994 to 1995 are primarily attributable to increases in QVC's income before income taxes and the consolidation of QVC for financial reporting purposes in 1995.

The $44.3 million increase in minority interest income from 1994 to 1995 is attributable to minority interests in the net income (loss) of QVC, Maclean Hunter and Comcast UK Cable.

In May 1996, the Company expensed unamortized debt acquisition costs of $1.8 million in connection with the prepayment of a portion of a subsidiary's outstanding debt, resulting in an extraordinary loss, net of tax of $1.0 million. The Company incurred debt extinguishment costs totaling $9.4 million during 1995 in connection with the refinancing of certain indebtedness, resulting in an extraordinary loss, net of tax, of $6.1 million or $.02 per share. During 1994, the Company paid premiums and expensed unamortized debt acquisition costs totaling $18.0 million, primarily in connection with the redemption of its $150.0 million, 11-7/8% senior subordinated debentures due 2004, resulting in an extraordinary loss, net of tax, of $11.7 million or $.05 per share.

For the years ended December 31, 1996, 1995 and 1994, the Company's distributions from Garden State and earnings before extraordinary items, income tax expense (benefit), equity in net losses of affiliates and fixed charges (interest expense) were $770.0 million, $615.6 million and $269.8 million, respectively. Such earnings were adequate to cover the Company's fixed charges, of $572.9 million, including capitalized interest of $32.1 million, for the year ended December 31, 1996. Excluding the pre-tax gains of $177.2 million recognized in 1995 in connection with the Heritage Transaction and sales of the Company's Nextel shares, such earnings were not adequate to cover the Company's fixed charges of $531.1 million and $313.4 million for the years ended December 31, 1995 and 1994, respectively, including capitalized interest of $6.4 million in 1995. The Company's fixed charges include non-cash interest expense of $97.0 million, $60.2 million and $53.5 million for the years ended December 31, 1996, 1995 and 1994, respectively. For the years ended December 31, 1995 and 1994, the inadequacy of these earnings to cover fixed charges is primarily due to the substantial non-cash charges for depreciation expense, including the 1995 charge associated with the Cellular Rebuild, and amortization expense.

The Company believes that its losses will not significantly affect the performance of its normal business activities because of its existing cash, cash equivalents and short-term investments, its ability to generate operating income before depreciation and amortization and its ability to obtain external financing.

The Company believes that its operations are not materially affected by inflation.

Regulatory Developments

The Company has settled the majority of outstanding proceedings challenging its rates charged for regulated cable services. In December 1995, the FCC adopted an order approving a negotiated settlement of rate complaints pending against the Company for cable programming service tiers ("CPSTs") which provided $6.6 million in refunds, plus interest, given in the form of bill credits during 1996, to 1.3 million of the Company's cable subscribers. As part of the negotiated settlement, the Company agreed to forego certain inflation and external cost adjustments for systems covered by its cost-of-service filings for CPSTs. The Company currently is seeking to justify rates for basic cable services and equipment in certain of its cable systems in the State of Connecticut on the basis of a cost-of-service showing. The State of Connecticut has ordered the Company to reduce such rates and to make refunds to subscribers. The Company has appealed the Connecticut decision to the FCC. Recent pronouncements from the FCC, which generally support the Company's position on appeal, have caused the State of Connecticut to reexamine its prior ruling. While the Company cannot predict the outcome of this action, the Company believes that the ultimate resolution of these pending regulatory matters will not have a material adverse impact on the Company's financial position, results of operations or liquidity.

INDEPENDENT AUDITORS' REPORT

Board of Directors and Stockholders
Comcast Corporation
Philadelphia, Pennsylvania

We have audited the accompanying consolidated balance sheet of Comcast Corporation and its subsidiaries as of December 31, 1996 and 1995, and the related consolidated statements of operations, stockholders' equity (deficiency) and of cash flows for each of the three years in the period ended December 31, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the consolidated financial statements of QVC, Inc. ("QVC") as of and for the year ended December 31, 1996 and as of and for the eleven month period ended December 31, 1995 and the consolidated financial statements of Comcast International Holdings, Inc. ("International") and the financial statements of Garden State Cablevision L.P. ("Garden State") for the year ended December 31, 1994. QVC and International are consolidated with the Company. The Company's investment in Garden State is accounted for under the equity method. QVC's financial statements reflect total assets constituting 17% and 20%, respectively, and total revenues constituting 45% and 44%, respectively, of the Company's consolidated total assets and revenues as of and for the years ended December 31, 1996 and 1995. The Company's combined equity in the net losses of International and Garden State for the year ended December 31, 1994 of $39 million is included in the Company's consolidated financial statements. The financial statements of QVC, International and Garden State were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in the Company's consolidated financial statements for QVC, International and Garden State for the periods specified above, is based solely upon the reports of the other auditors.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, such consolidated financial statements present fairly, in all material respects, the financial position of Comcast Corporation and its subsidiaries as of December 31, 1996 and 1995, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles.

/s/ Deloitte & Touche LLP

Philadelphia, Pennsylvania
February 28, 1997

COMCAST CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
(Dollars in millions, except share data)

	December 31, 1996	1995
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$331.3	$539.1
Short-term investments	208.3	371.0
Accounts receivable, less allowance for doubtful accounts of $97.1 and $81.3	439.3	390.7
Inventories, net	258.4	243.4
Other current assets	168.5	109.5
Total current assets	1,405.8	1,653.7
INVESTMENTS, principally in affiliates	1,177.7	906.4
PROPERTY AND EQUIPMENT	3,600.1	2,484.4
Accumulated depreciation	(1,061.3)	(873.2)
Property and equipment, net	2,538.8	1,611.2
DEFERRED CHARGES		
Franchise and license acquisition costs	4,895.7	3,568.6
Excess of cost over net assets acquired and other	3,683.1	3,075.0
	8,578.8	6,643.6
Accumulated amortization	(1,612.5)	(1,234.6)
Deferred charges, net	6,966.3	5,409.0
	$12,088.6	$9,580.3
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$1,044.3	$964.0
Accrued interest	91.1	72.7
Current portion of long-term debt	229.5	85.4
Total current liabilities	1,364.9	1,122.1
LONG-TERM DEBT, less current portion	7,102.7	6,943.8
DEFERRED INCOME TAXES	2,140.5	1,518.0
MINORITY INTEREST AND OTHER	859.3	772.0
COMMITMENTS AND CONTINGENCIES		
COMMON EQUITY PUT OPTIONS	69.6	52.1
STOCKHOLDERS' EQUITY (DEFICIENCY)		
Preferred stock, no par value - authorized, 20,000,000 shares; issued 5% series A convertible, 6,370 at redemption value	31.9	
Class A special common stock, $1 par value - authorized, 500,000,000 shares; issued, 283,281,675 and 192,844,814	283.3	192.8
Class A common stock, $1 par value - authorized, 200,000,000 shares; issued, 33,959,368 and 37,706,517	34.0	37.7
Class B common stock, $1 par value - authorized, 50,000,000 shares; issued, 8,786,250	8.8	8.8
Additional capital	2,327.4	843.1
Accumulated deficit	(2,127.9)	(1,914.3)
Unrealized gains on marketable securities	0.1	22.2
Cumulative translation adjustments	(6.0)	(18.0)
Total stockholders' equity (deficiency)	551.6	(827.7)
	$12,088.6	$9,580.3

See notes to consolidated financial statements.

COMCAST CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS
(Amounts in millions, except per share data)

	Year Ended December 31,		
	1996	1995	1994
REVENUES			
Service income	$2,202.6	$1,875.2	$1,375.3
Net sales from electronic retailing	1,835.8	1,487.7	
	4,038.4	3,362.9	1,375.3
COSTS AND EXPENSES			
Operating	948.7	803.4	409.8
Cost of goods sold from electronic retailing	1,110.9	898.3	
Selling, general and administrative	771.6	642.4	389.2
Depreciation	314.6	339.9	182.2
Amortization	383.7	349.1	154.3
	3,529.5	3,033.1	1,135.5
OPERATING INCOME	508.9	329.8	239.8
OTHER (INCOME) EXPENSE			
Interest expense	540.8	524.7	313.4
Investment income	(122.6)	(229.8)	(24.6)
Equity in net losses of affiliates	144.8	86.6	40.9
Gain from equity offering of affiliate	(40.6)		
Other	2.6	(6.3)	
	525.0	375.2	329.7
LOSS BEFORE INCOME TAX EXPENSE (BENEFIT), MINORITY INTEREST AND EXTRAORDINARY ITEMS	(16.1)	(45.4)	(89.9)
INCOME TAX EXPENSE (BENEFIT)	84.4	42.1	(9.2)
LOSS BEFORE MINORITY INTEREST AND EXTRAORDINARY ITEMS	(100.5)	(87.5)	(80.7)
MINORITY INTEREST	(48.0)	(49.7)	(5.4)
LOSS BEFORE EXTRAORDINARY ITEMS	(52.5)	(37.8)	(75.3)
EXTRAORDINARY ITEMS	(1.0)	(6.1)	(11.7)
NET LOSS	($53.5)	($43.9)	($87.0)
LOSS PER SHARE			
Loss before extraordinary items	($.21)	($.16)	($.32)
Extraordinary items		(.02)	(.05)
Net loss	($.21)	($.18)	($.37)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	247.6	239.7	236.3

See notes to consolidated financial statements.

COMCAST CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
(Dollars in millions)

	Year Ended December 31, 1996	1995	1994
OPERATING ACTIVITIES			
Net loss	($53.5)	($43.9)	($87.0)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation	314.6	339.9	182.2
Amortization	383.7	349.1	154.3
Non-cash interest expense, net	62.2	53.8	53.5
Equity in net losses of affiliates	144.8	86.6	40.9
Gain from equity offering of affiliate	(40.6)		
Gains on sales of subsidiaries		(5.5)	(5.8)
Gains on long-term investments, net	(69.2)	(183.0)	
Minority interest	(48.0)	(49.7)	(5.4)
Extraordinary items	1.0	6.1	11.7
Deferred income taxes and other	14.0	(15.7)	9.7
	709.0	537.7	354.1
Increase in accounts receivable, net	(38.2)	(62.4)	(28.3)
Increase in inventories, net	(5.8)	(57.5)	(7.3)
Decrease (increase) in other current assets	0.6	(23.3)	(5.3)
Increase in accounts payable and accrued expenses	114.9	114.3	57.5
Increase (decrease) in accrued interest	19.1	11.9	(1.6)
Net cash provided by operating activities	799.6	520.7	369.1
FINANCING ACTIVITIES			
Proceeds from borrowings	839.5	3,728.2	1,201.1
Retirement and repayment of debt	(734.4)	(1,619.6)	(509.0)
(Repurchases) issuances of common stock, net	(175.9)	(7.1)	2.9
Issuance of common stock of a subsidiary, net			209.4
Equity contributions to subsidiaries		6.6	250.0
Dividends	(26.8)	(22.4)	(22.7)
Other	16.4	(50.0)	(16.5)
Net cash (used in) provided by financing activities	(81.2)	2,035.7	1,115.2
INVESTING ACTIVITIES			
Acquisitions, net of cash acquired	(60.4)	(1,386.0)	(1,292.6)
Proceeds from sales (purchases) of short-term investments, net	210.2	(240.8)	389.3
Investments, principally in affiliates	(502.0)	(480.2)	(125.0)
Proceeds from sales of and distributions from long-term investments	167.5	410.5	
Capital expenditures	(670.4)	(623.0)	(269.9)
Proceeds from sale of subsidiary			28.2
Other	(71.1)	(33.1)	(39.4)
Net cash used in investing activities	(926.2)	(2,352.6)	(1,309.4)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(207.8)	203.8	174.9
CASH AND CASH EQUIVALENTS, beginning of year	539.1	335.3	160.4
CASH AND CASH EQUIVALENTS, end of year	$331.3	$539.1	$335.3

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIENCY)
(Dollars in millions, except per share data)

		Common Stock							
	Preferred Stock	Class A Special	Class A	Class B	Additional Capital	Accumulated Deficit	Unrealized Gains on Marketable Securities	Cumulative Translation Adjustments	Total
BALANCE, JANUARY 1, 1994	$	$174.0	$38.9	$8.8	$647.2	($1,717.9)	$	($21.5)	($870.5)
Net loss						(87.0)			(87.0)
Issuance of common stock		0.2			2.2				2.4
Conversion of convertible subordinated debt to common stock		16.8			166.7				183.5
Exercise of options		0.5	0.1		6.0				6.6
Retirement of common stock		(0.3)			(5.9)				(6.2)
Cash dividends, $.0933 per share						(22.7)			(22.7)
Unrecognized gain on issuance of common stock of a subsidiary					59.3				59.3
Unrealized gains on marketable securities, net of deferred taxes of $2.1							3.9		3.9
Cumulative translation adjustments								4.0	4.0
	-----	------	-----	----	--------	---------	----	-----	------
BALANCE, DECEMBER 31, 1994		191.2	39.0	8.8	875.5	(1,827.6)	3.9	(17.5)	(726.7)
Net loss						(43.9)			(43.9)
Issuance of common stock		1.1			17.4				18.5
Conversion of convertible subordinated debt to common stock		0.4			4.0				4.4
Exercise of options		0.3	0.1		3.2				3.6
Retirement of common stock		(0.2)	(1.4)		(7.5)	(20.4)			(29.5)
Cash dividends, $.0933 per share						(22.4)			(22.4)
Temporary equity related to put options					(52.1)				(52.1)
Proceeds from sales of put options					2.6				2.6
Unrealized gains on marketable securities, net of deferred taxes of $9.8							18.3		18.3
Cumulative translation adjustments								(0.5)	(0.5)
	-----	------	-----	----	--------	---------	----	-----	------
BALANCE, DECEMBER 31, 1995		192.8	37.7	8.8	843.1	(1,914.3)	22.2	(18.0)	(827.7)
Net loss						(53.5)			(53.5)
Issuance of common stock		97.2			1,526.3				1,623.5
Issuance of preferred stock	31.9								31.9
Exercise of options		0.2	0.2		3.0				3.4
Retirement of common stock		(6.9)	(3.9)		(41.3)	(133.3)			(185.4)
Cash dividends, $.0933 per share						(26.8)			(26.8)
Unrecognized gain on issuance of common stock of a subsidiary					11.6				11.6
Temporary equity related to put options					(17.5)				(17.5)
Proceeds from sales and extensions of put options					2.2				2.2
Unrealized losses on marketable securities, net of deferred taxes of ($11.9)							(22.1)		(22.1)
Cumulative translation adjustments								12.0	12.0
	-----	------	-----	----	--------	---------	----	-----	------
BALANCE, DECEMBER 31, 1996	$31.9	$283.3	$34.0	$8.8	$2,327.4	($2,127.9)	$0.1	($6.0)	$551.6
	=====	======	=====	====	========	=========	====	=====	======

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1996, 1995 AND 1994

1. BUSINESS

Comcast Corporation and its subsidiaries (the "Company") is principally engaged in the development, management and operation of wired and wireless telecommunications and the provision of content.

Wired telecommunications includes cable and telecommunications services in the United States ("US") and the United Kingdom ("UK"). The Company's consolidated domestic cable operations served approximately 4.3 million subscribers and passed approximately 7.0 million homes as of December 31, 1996. The Company owns a 50% interest in Garden State Cablevision L.P. ("Garden State"), a cable communications company serving more than 204,000 subscribers and passing more than 294,000 homes in the State of New Jersey. In the UK, a subsidiary of the Company, Comcast UK Cable Partners Limited ("Comcast UK Cable"), holds ownership interests in four cable and telephony businesses that collectively have the potential to serve over 1.6 million homes.

Wireless telecommunications includes cellular services, personal communications services provided through the Company's investment in Sprint Spectrum and direct to home satellite television through the Company's equity interest in and distribution arrangements with Primestar Partners, L.P. ("Primestar"). The Company provides cellular telephone communications services pursuant to licenses granted by the Federal Communications Commission ("FCC") in markets with a population of more than 8.4 million, including the area in and around the City of Philadelphia, Pennsylvania, the State of Delaware and a significant portion of the State of New Jersey.

Content is provided through QVC, Inc. and its subsidiaries ("QVC"), an electronic retailer, Comcast Content and Communication Corporation ("C3") and other investments, including Comcast Spectacor, L.P. ("Comcast-Spectacor") and E! Entertainment Television, Inc. ("E! Entertainment"). Through QVC, the Company markets a wide variety of products and reaches, on a full and part-time basis, over 61 million homes in the US, over five million homes in the UK and over four million homes in Germany.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation
The consolidated financial statements include the accounts of the Company and all wholly owned or controlled subsidiaries. All significant intercompany accounts and transactions among consolidated entities have been eliminated. Included in the Company's consolidated balance sheet as of December 31, 1996 and 1995 are net assets of foreign subsidiaries of $143.7 million and $115.2 million, respectively.

Management's Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Values
The estimated fair value amounts presented in these notes to consolidated financial statements have been determined by the Company using available market information and appropriate methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. The estimates presented herein are not necessarily indicative of the amounts that the Company could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts. Such fair value estimates are based on pertinent information available to management as of December 31, 1996 and 1995, and have not been comprehensively revalued for purposes of these consolidated financial statements since such dates.

Cash Equivalents and Short-term Investments
Cash equivalents consist principally of US Government obligations, commercial paper, repurchase agreements and certificates of deposit with maturities of three months or less when purchased. Short-term investments consist principally of US Government obligations, commercial paper, repurchase agreements and certificates of deposit with maturities of greater than three months when purchased. The carrying amounts of the Company's cash equivalents and short-term investments, classified as available for sale securities, approximate their fair values. As of December 31, 1996, short-term investments also include the Company's investment in Time Warner, Inc. ("Time Warner") common stock (see Note 4).

Inventories - Electronic Retailing
Inventories, consisting primarily of products held for sale, are stated at the lower of cost or market. Cost is determined by the first-in, first-out method.

Investments, Principally in Affiliates
Investments in entities in which the Company has the ability to exercise significant influence over the operating and financial policies of the investee and investments in partnerships which are not controlled by the Company are accounted for under the equity method. Equity method investments are recorded at original cost and adjusted periodically to recognize the Company's proportionate share of the investees' net income or losses after the date of investment, additional contributions made and dividends received. The differences between the Company's recorded investments and its proportionate interests in the book value of the investees' net assets are being amortized to equity in net income or loss, primarily over a period of twenty years, which is consistent with the estimated lives of the underlying assets.

Unrestricted publicly traded investments, including options to purchase such securities, are classified as available for sale and are recorded at their fair value, with unrealized gains or losses resulting from changes in fair value between measurement dates recorded as a component of stockholders' equity (deficiency).

Restricted publicly traded investments and investments in privately held companies are stated at cost, adjusted for any known diminution in value.

Property and Equipment
Property and equipment are stated at cost. Depreciation is provided by the straight-line method over estimated useful lives as follows:

Buildings and improvements	8-40 years
Operating facilities	5-20 years
Other equipment	2-10 years

Improvements that extend asset lives are capitalized; other repairs and maintenance charges are expensed as incurred. The cost and related accumulated depreciation applicable to assets sold or retired are removed from the accounts and the gain or loss on disposition is recognized as a component of depreciation expense.

Deferred Charges
Franchise and license acquisition costs are amortized on a straight-line basis over their legal or estimated useful lives of 12 to 40 years. The excess of cost over the fair value of net assets acquired is being amortized on a straight-line basis over estimated useful lives of 20 to 40 years.

Valuation of Long-Lived Assets
The Company periodically evaluates the recoverability of its long-lived assets, including property and equipment and deferred charges, using objective methodologies. Such methodologies include evaluations based on the cash flows generated by the underlying assets or other determinants of fair value.

Foreign Currency Translation

Assets and liabilities of the Company's foreign subsidiaries, where the functional currency is the local currency, are translated into US dollars at the December 31 exchange rate. The related translation adjustments are recorded as a separate component of stockholders' equity (deficiency). Revenues and expenses are translated using average exchange rates prevailing during the year. Foreign currency transaction gains and losses are included in other (income) expense.

Revenue Recognition

Service income is recognized as service is provided. Credit risk is managed by disconnecting services to cable and cellular customers who are delinquent. Net sales from electronic retailing are recognized at the time of shipment to customers. An allowance for returned merchandise is provided as a percentage of sales based on historical experience. The return provision was approximately 21 percent of gross sales for each of the years ended December 31, 1996 and 1995.

Stock-Based Compensation

Effective January 1, 1996, the Company adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation." SFAS No. 123 encourages, but does not require, companies to record compensation cost for stock-based compensation plans at fair value. The Company has elected to continue to account for stock-based compensation in accordance with Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations, as permitted by SFAS 123. Compensation expense for stock options is measured as the excess, if any, of the quoted market price of the Company's stock at the date of the grant over the amount an employee must pay to acquire the stock. Compensation expense for restricted stock awards is recorded annually based on the quoted market price of the Company's stock at the date of the grant and the vesting period. Compensation expense for stock appreciation rights is recorded annually based on the changes in quoted market prices of the Company's stock or other determinants of fair value at the end of the year (see Note 6).

Postretirement and Postemployment Benefits

The estimated costs of retiree benefits and benefits for former or inactive employees, after employment but before retirement, are accrued and recorded as a charge to operations during the years the employees provide services.

Investment Income

Investment income includes interest income and gains, net of losses, on the sales of marketable securities and long-term investments. Gross realized gains and losses are recognized using the specific identification method (see Note 4). In 1996 and 1995, investment income also includes impairment losses resulting from adjustments to the net realizable value of certain of the Company's long-term investments.

Capitalized Interest

Interest is capitalized as part of the historical cost of acquiring qualifying assets, including investments in equity method investees while the investee has activities in progress necessary to commence its planned principal operations. Capitalized interest for the years ended December 31, 1996 and 1995 was $32.1 million and $6.4 million, respectively.

Income Taxes

The Company recognizes deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities and expected benefits of utilizing net operating loss carryforwards. The impact on deferred taxes of changes in tax rates and laws, if any, applied to the years during which temporary differences are expected to be settled, are reflected in the consolidated financial statements in the period of enactment.

Loss per Share

For the years ended December 31, 1996, 1995 and 1994, the Company's common stock equivalents have an antidilutive effect on the loss per share and, therefore, have not been used in determining the total weighted average number of common shares outstanding. Fully diluted loss per share for 1996, 1995 and 1994 is antidilutive and, therefore, has not been presented.

Derivative Financial Instruments

The Company uses derivative financial instruments, including interest rate exchange agreements ("Swaps"), interest rate cap agreements ("Caps"), interest rate collar agreements ("Collars") and foreign exchange option contracts ("FX Options"), to manage its exposure to fluctuations in interest rates and foreign currency exchange rates.

Swaps, Caps and Collars are matched with either fixed or variable rate debt and periodic cash payments are accrued on a settlement basis as an adjustment to interest expense. Any premiums associated with these instruments are amortized over their term and realized gains or losses as a result of the termination of the instruments are deferred and amortized over the shorter of the remaining term of the instrument or the underlying debt. Written options are marked-to-market on a current basis in the Company's consolidated statement of operations. Gains and losses related to qualifying hedges of foreign currency denominated debt are offset against the translation adjustment included in stockholders' equity (deficiency). Other FX Options are marked-to-market on a current basis in the Company's consolidated statement of operations.

The Company does not hold or issue any derivative financial instruments for trading purposes and is not a party to leveraged instruments (see Note 5). The credit risks associated with the Company's derivative financial instruments are controlled through the evaluation and monitoring of the creditworthiness of the counterparties. Although the Company may be exposed to losses in the event of nonperformance by the counterparties, the Company does not expect such losses, if any, to be significant.

Sale of Stock by a Subsidiary or Equity Method Investee

Changes in the Company's proportionate share of the underlying equity of a consolidated subsidiary or equity method investee which result from the issuance of additional securities by such subsidiary or investee are recognized as gains or losses in the Company's consolidated statement of operations unless gain realization is not assured in the circumstances. Gains for which realization is not assured are credited directly to additional capital.

New Accounting Pronouncements

In June 1996, the Financial Accounting Standards Board ("FASB") issued SFAS No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," which will be adopted by the Company in 1997, as required by this statement. Under the provisions of this statement, after a transfer of financial assets, an entity recognizes the financial and servicing assets it controls and the liabilities it has incurred, derecognizes financial assets when control has been surrendered and derecognizes liabilities when extinguished. The Company does not expect that adoption of this standard will have a significant impact on its financial position or results of operations.

In February 1997, the FASB issued SFAS No. 128, "Earnings Per Share." This standard, which clarifies and supersedes the current authoritative accounting literature regarding the computation and disclosure of earnings per share, is applicable to interim and annual periods ending after December 15, 1997 and may not be applied earlier. The Company does not expect adoption of this standard to result in significant changes to the Company's calculation or presentation of loss per share.

Reclassifications

Certain reclassifications have been made to the prior years' consolidated financial statements to conform to those classifications used in 1996.

3. ACQUISITIONS AND OTHER SIGNIFICANT EVENTS

E! Entertainment

As of December 31, 1996, the Company owned a 10.4% interest in E! Entertainment, an entertainment programming service that currently is distributed to more than 42 million subscribers. The Company has the right, by virtue of various agreements among the shareholders of E! Entertainment, to purchase an additional 58.4% interest in E! Entertainment from Time Warner for $321.1 million. In January 1997, the Company and The Walt Disney Company ("Disney") entered into an agreement to form a new limited liability company ("Newco") that will be owned 50.1% by the Company and 49.9% by Disney. Pursuant to the agreement, the Company will contribute to Newco its 10.4% interest in E! Entertainment, the right to exercise its option to purchase the Time Warner interest and $132.3 million in cash. Disney will contribute to Newco $188.8 million in cash. Newco will use the cash contributed by the Company and Disney to purchase the Time Warner interest. Following such purchase, Newco will own a 68.8% interest in E! Entertainment. To fund the cash portion of its contribution, the Company will borrow $132.3 million from Disney in the form of two 10-year, 7% notes (the "Disney Notes"). These transactions (collectively, the "E! Acquisition") are expected to close in the first quarter of 1997, subject to regulatory approval and certain other conditions.

Scripps Cable

In November 1996, the Company acquired the cable television operations ("Scripps Cable") of The E.W. Scripps Company ("E.W. Scripps") in exchange for 93.048 million shares of the Company's Class A Special Common Stock, par value $1.00 per share (the "Class A Special Common Stock"), valued at $1.552 billion (the "Scripps Acquisition"). Scripps Cable passed more than 1.3 million homes and served more than 800,000 subscribers as of December 31, 1996, with 60% of its subscribers located in Sacramento, California and Chattanooga and Knoxville, Tennessee. The Company has accounted for the Scripps Acquisition under the purchase method and Scripps Cable was consolidated with the Company effective November 1, 1996. As the consideration given in exchange for Scripps Cable was shares of Class A Special Common Stock, the Scripps Acquisition had no significant impact on the Company's consolidated statement of cash flows.

The allocation of the purchase price to the assets and liabilities of Scripps Cable is preliminary pending a final appraisal and the final purchase price adjustment between the Company and E.W. Scripps. The terms of the Scripps Acquisition provide for, among other things, the indemnification of the Company by E.W. Scripps for certain liabilities, including tax liabilities, relating to Scripps Cable prior to the acquisition date.

Comcast-Spectacor

In July 1996, the Company completed its acquisition (the "Sports Venture Acquisition") of a 66% interest in the Philadelphia Flyers Limited Partnership, a Pennsylvania limited partnership ("PFLP"), the assets of which, after giving effect to the Sports Venture Acquisition, consist of (i) the National Basketball Association ("NBA") franchise to own and operate the Philadelphia 76ers basketball team and related assets (the "Sixers"), (ii) the National Hockey League ("NHL") franchise to own and operate the Philadelphia Flyers hockey team and related assets, and (iii) two adjacent arenas, leasehold interests in and development rights related to the land underlying the arenas and other adjacent parcels of land located in Philadelphia, Pennsylvania (collectively, the "Arenas"). Concurrent with the completion of the Sports Venture Acquisition, PFLP was renamed Comcast Spectacor, L.P. ("Comcast-Spectacor").

The Sports Venture Acquisition was completed in two steps. In April 1996, the Company purchased the Sixers for $125.0 million in cash plus assumed net liabilities of $11.0 million through a partnership controlled by the Company. To complete the Sports Venture Acquisition, in July 1996, the Company contributed its interest in the Sixers, exchanged approximately 3.5 million shares of the Company's Class A Special Common Stock and 6,370 shares of the Company's newly issued 5% Series A Convertible Preferred Stock (the "Preferred Stock" see Note 6), and paid $15.0 million in cash for its current interest in Comcast-Spectacor. The remaining 34% interest in Comcast-Spectacor is owned by a group, including the former majority owner of PFLP, who also manages Comcast-Spectacor (the "Minority Group"). In connection with the Sports Venture Acquisition, Comcast-Spectacor assumed the outstanding liabilities relating to the Sixers and the Arenas, including a mortgage obligation of $155.0 million. The Company accounts for its interest in Comcast-Spectacor under the equity method. The issuance of the Preferred Stock and the Class A Special Common Stock in the Sports Venture Acquisition had no impact on the Company's consolidated statement of cash flows due to their non-cash nature.

Sprint Spectrum

The Company, Tele-Communications, Inc. ("TCI"), Cox Communications, Inc. ("Cox," and together with the Company and TCI, the "Cable Parents") and Sprint Corporation ("Sprint," and together with the Cable Parents, the "Parents"), and certain subsidiaries of the Parents (the "Partner Subsidiaries") engage in the wireless communications business through a limited partnership known as "Sprint Spectrum," a development stage enterprise. The Company owns 15% of Sprint Spectrum and accounts for its investment in Sprint Spectrum under the equity method (see Note 4).

Sprint Spectrum was the successful bidder for 29 personal communications services ("PCS") licenses in the auction conducted by the FCC from December 1994 through mid-March 1995. The purchase price for the licenses was $2.11 billion, all of which has been paid to the FCC. In addition, Sprint Spectrum has invested, and may continue to invest, in other entities that hold PCS licenses, may acquire PCS licenses in future FCC auctions or from other license holders and may affiliate with other license holders.

The Partner Subsidiaries have committed to contribute $4.2 billion in cash to Sprint Spectrum through 1999, of which the Company's share is $630.0 million. Of this funding requirement, the Company has made total cash contributions to Sprint Spectrum of $452.8 million through December 31, 1996 and issued a $105.0 million guaranty on a portion of Sprint Spectrum's outstanding debt. The Company anticipates that Sprint Spectrum's capital requirements over the next several years will be significant. Requirements in excess of committed capital are planned to be funded by Sprint Spectrum through external financing, including, but not limited to, vendor financing, bank financing and securities offered to the public. In August 1996, Sprint Spectrum sold $750.0 million principal amount at maturity of Senior Notes and Senior Discount Notes due in 2006 in a public offering. In October 1996, Sprint Spectrum closed three credit agreements which provided $2.0 billion in bank financing and $3.1 billion in vendor financing. The timing of the Company's remaining capital contributions to Sprint Spectrum is dependent upon a number of factors, including Sprint Spectrum's working capital requirements. The Company anticipates funding its remaining capital commitments to Sprint Spectrum through its cash flows from operating activities, its existing cash, cash equivalents, short-term investments and lines of credit or other external financing, or by a combination of these sources.

QVC

In February 1995, the Company and TCI acquired all of the outstanding stock of QVC not previously owned by them (approximately 65% of such shares on a fully diluted basis) for $46, in cash, per share (the "QVC Acquisition"), representing a total cost of approximately $1.4 billion. The QVC Acquisition, including the exercise of certain warrants held by the Company, was financed with cash contributions from the Company and TCI of $296.3 million and $6.6 million, respectively, borrowings of $1.1 billion under a $1.2 billion QVC credit facility and existing cash and cash equivalents held by QVC. Following the acquisition, the Company and TCI owned, through their respective subsidiaries, 57.45% and 42.55%, respectively, of QVC. The Company, through a management agreement, is responsible for the day to day operations of QVC. The Company has accounted for the QVC Acquisition under the purchase method and QVC was consolidated with the Company effective February 1, 1995.

Maclean Hunter

In December 1994, the Company, through Comcast MHCP Holdings, L.L.C. (the "LLC"), acquired the US cable television and alternate access operations of Maclean Hunter Limited ("Maclean Hunter") from Rogers Communications Inc. and all of the outstanding shares of Barden Communications, Inc. (collectively, such acquisitions are referred to as the "Maclean Hunter Acquisition") for approximately $1.2 billion in cash. The Company and the California Public Employees' Retirement System ("CalPERS") invested $305.6 million and $250.0 million, respectively, in the LLC, which is owned 55% by a wholly owned subsidiary of the Company and 45% by CalPERS, and is managed by the Company. The balance of the Maclean Hunter Acquisition was financed through borrowings under a credit facility of a wholly owned subsidiary of the LLC. The Company has accounted for the Maclean Hunter Acquisition under the purchase method and Maclean Hunter was consolidated with the Company effective December 22, 1994.

Cellular Rebuild

In 1995, the Company's cellular division purchased $172.0 million of switching and cell site equipment which replaced the existing switching and cell site equipment (the "Cellular Rebuild"). The Company substantially completed the Cellular Rebuild during 1995. Accordingly, during 1995, the Company charged $110.0 million to depreciation expense which represented the difference between the net book value of the equipment replaced and the residual value realized upon its disposal.

Unaudited Pro Forma Information

The following unaudited pro forma information for the years ended December 31, 1996 and 1995 has been presented as if the Scripps Acquisition and the QVC Acquisition had occurred on January 1, 1995. This unaudited pro forma information is based on historical results of operations adjusted for acquisition costs and, in the opinion of management, is not necessarily indicative of what the results would have been had the Company operated the acquired entities since January 1, 1995 (dollars in millions, except per share data).

	Year Ended December 31, 1996	1995
Revenues..................................	$4,290.6	$3,772.0
Loss before extraordinary items............	(79.3)	(83.5)
Net loss..................................	(80.3)	(89.6)
Net loss per share........................	(.24)	(.27)

4. INVESTMENTS, PRINCIPALLY IN AFFILIATES

	December 31, 1996	December 31, 1995
	(Dollars in millions)	
Equity method	$936.4	$678.8
Public companies	165.5	170.1
Privately held companies	75.8	57.5
	$1,177.7	$906.4

Equity Method
The Company records its proportionate interests in the net income (loss) of substantially all of its investees three months in arrears, other than the UK Investees. The Company's recorded investments exceed its proportionate interests in the book value of the investees' net assets by $233.2 million as of December 31, 1996 (primarily related to the investments in Comcast-Spectacor and Sprint Spectrum). Such excess is being amortized to equity in net income or loss, primarily over a period of twenty years, which is consistent with the estimated lives of the underlying assets. The original cost of investments accounted for under the equity method totaled $1.241 billion and $962.2 million as of December 31, 1996 and 1995, respectively. Summarized financial information for the Company's equity method investees for 1996, 1995 and 1994 is presented below (in millions).

	Sprint Spectrum	TCGI	UK Investees	QVC	Other	Combined
Year Ended December 31, 1996:						
Combined Results of Operations						
Revenues, net	$0.1	$192.9	$155.2		$440.0	$788.2
Operating, selling, general and administrative expenses	208.0	180.9	140.9		486.0	1,015.8
Depreciation and amortization	1.9	57.2	57.6		60.0	176.7
Operating loss	(209.8)	(45.2)	(43.3)		(106.0)	(404.3)
Net loss (1)	(344.9)	(84.8)	(72.2)		(140.8)	(642.7)
Company's Equity in Net Loss						
Equity in current period net loss	($51.7)	($15.1)	($28.6)		($45.9)	($141.3)
Amortization income (expense)	0.6	(1.1)	(0.3)		(2.7)	(3.5)
Total equity in net loss	($51.1)	($16.2)	($28.9)		($48.6)	($144.8)
Year Ended December 31, 1995:						
Combined Results of Operations						
Revenues, net	$	$180.5	$143.7	$425.9	$314.4	$1,064.5
Operating, selling, general and administrative expenses	21.6	167.8	156.6	354.7	347.8	1,048.5
Depreciation and amortization	0.2	44.4	52.2	13.0	57.6	167.4
Operating (loss) income	(21.8)	(31.7)	(65.1)	58.2	(91.0)	(151.4)
Net (loss) income (1)	(31.2)	(72.1)	(91.2)	28.3	(116.1)	(282.3)
Company's Equity in Net (Loss) Income						
Equity in current period net (loss) income	($4.7)	($13.6)	($37.5)	$4.3	($29.8)	($81.3)
Amortization (expense) income	(0.5)	(2.1)		1.2	(3.9)	(5.3)
Total equity in net (loss) income	($5.2)	($15.7)	($37.5)	$5.5	($33.7)	($86.6)

	Sprint Spectrum	TCGI	UK Investees	QVC	Other	Combined
Year Ended December 31, 1994:						
Combined Results of Operations						
Revenues, net		$125.8	$97.6	$1,336.7	$138.7	$1,698.8
Operating, selling, general and administrative expenses		128.8	125.0	1,138.2	132.4	1,524.4
Depreciation and amortization		22.3	32.9	44.9	54.3	154.4
Operating (loss) income		(25.3)	(60.3)	153.6	(48.0)	20.0
Net (loss) income (1)		(39.6)	(65.8)	41.1	(72.7)	(137.0)
Company's Equity in Net (Loss) Income						
Equity in current period net (loss) income		($7.3)	($25.1)	$6.3	($14.2)	($40.3)
Amortization (expense) income		(2.1)		4.9	(3.4)	(0.6)
Total equity in net (loss) income		($9.4)	($25.1)	$11.2	($17.6)	($40.9)

	Sprint Spectrum	TCGI	UK Investees	QVC	Other	Combined
Combined Financial Position						
As of December 31, 1996:						
Current assets	$477.5	$988.8	$138.3		$292.7	$1,897.3
Noncurrent assets	2,921.8	1,037.1	711.4		1,262.2	5,932.5
Current liabilities	113.1	203.3	204.1		280.5	801.0
Noncurrent liabilities	682.8	1,011.1	427.6		1,180.8	3,302.3
As of December 31, 1995:						
Current assets	$1.3	$59.8	$257.2		$118.9	$437.2
Noncurrent assets	2,242.8	694.9	663.0		687.6	4,288.3
Current liabilities	20.1	124.4	107.1		66.8	318.4
Noncurrent liabilities		400.0	565.9		717.2	1,683.1

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(1) Net (loss) income also represents (loss) income from continuing operations before extraordinary items and cumulative effect of changes in accounting principle.

Sprint Spectrum. The Company made its initial investment in 1994 and, as of December 31, 1996, holds a general and limited partnership interest of 15% in Sprint Spectrum, a limited partnership engaged in the wireless communications business (see Note 3). The investment in Sprint Spectrum is accounted for under the equity method based on the Company's general partnership interest and its representation on the partnership's board of directors.

TCGI. Through June 1996, the Company held investments in Teleport Communications Group, Inc. ("TCGI"), TCG Partners and certain local joint ventures (the "Teleport Joint Ventures") managed by TCGI and TCG Partners. TCGI is one of the largest competitive alternative access providers in the US in terms of route miles. The Company had a 20.0% investment in TCGI and interests in the Teleport Joint Ventures ranging from 12.4% to 20.3%. On June 27, 1996, TCGI sold approximately 27 million shares of its Class A Common Stock (the "TCGI Class A Stock"), for $16 per share, in an initial public offering (the "TCGI IPO"). In connection with the TCGI IPO, TCGI, the Company and subsidiaries of Cox, TCI and Continental Cablevision ("Continental" and collectively with Cox, TCI and the Company, the "Cable Stockholders") entered into an agreement pursuant to which TCGI was reorganized (the "Reorganization"). The Reorganization consisted of, among other things: (i) the acquisition by TCGI of TCG Partners; (ii) the acquisition by TCGI of additional interests in the Teleport Joint Ventures (including 100% of those interests held by the Company); and (iii) the contribution to TCGI of $269.0 million aggregate principal amount of indebtedness, plus accrued interest thereon, owed by TCGI to the Cable Stockholders (except that TCI retained a $26 million subordinated note of TCGI), including $53.8 million principal amount and $4.1 million of accrued interest owed to the Company. In connection with the Reorganization, the Company received 25.6 million shares of TCGI's Class B Common Stock (the "TCGI Class B Stock"). Each share of TCGI Class B Stock is entitled to voting power equivalent to ten shares of TCGI Class A Stock and is convertible, at the option of the holder, into one share of TCGI Class A Stock. The Company recorded a $40.6 million increase in its proportionate share of TCGI's net assets as a gain from equity offering of affiliate in its 1996 consolidated statement of operations (the "TCGI Gain"). After giving effect to the Reorganization and the TCGI IPO, the Company owns 19.5% of the outstanding TCGI Class B Stock representing a 19.1% voting interest and a 16.1% equity interest. The Company continues to account for its interest in TCGI under the equity method based upon its voting interest maintained through the TCGI Class B Stock, its representation on TCGI's board of directors and its participation in a TCGI stockholder agreement granting certain rights to a control group. Assuming conversion of the TCGI Class B Stock held by the Company into TCGI Class A Stock, the Company's investment would have a fair value of approximately $781.5 million, based on the quoted market price of the TCGI Class A Stock as of December 31, 1996.

UK Investees. As of December 31, 1996, Comcast UK Cable, a consolidated subsidiary of the Company, holds a 27.5% interest and a 50.0% interest in Birmingham Cable Corporation Limited and Cable London PLC. In addition, Comcast UK Cable has historically held investments in Cambridge Holding Company Limited ("Cambridge Cable") and Cable Programme Partners-1 Limited Partnership ("CPP-1"). In March 1996, Comcast UK Cable purchased the 50.0% interest in Cambridge Cable that it had not previously owned for cash and approximately 8.9 million of its Class A Common Shares (the "Cambridge Acquisition"). Following the Cambridge Acquisition, Comcast UK Cable owns 100.0% of Cambridge Cable and has consolidated the financial position and results of operations of Cambridge Cable beginning on March 31, 1996. During 1995, CPP-1, which previously developed and distributed cable programming in the UK, sold its only channel and wound down its operations to a minimal level of activity. As a result, the Company reduced the carrying value of its 16.4% interest in CPP-1 to zero.

In September 1994, Comcast UK Cable consummated an initial public offering (the "IPO") of 15.0 million of its Class A Common Shares for net proceeds of $209.4 million. As a result of the IPO and related transactions, the Company recorded an increase in its proportionate share of Comcast UK Cable's net assets as an increase in additional capital of $59.3 million. In addition, as a result of the Cambridge Acquisition, the Company recorded the increase in its proportionate share of Comcast UK Cable's net assets as an increase in additional capital of $11.6 million. The increases in the Company's proportionate share of Comcast UK Cable's net assets as a result of these transactions were recorded directly to additional capital since gain realization was not assured based on the start-up nature of the operations of Comcast UK Cable and its affiliates. As a result of these transactions, the Company beneficially owns 25.7% of the total outstanding Comcast UK Cable common shares. Because the Class A Common Shares are entitled to one vote per share and the Class B Common Shares are entitled to ten votes per share, the Company, through its ownership of the Class B Common Shares, controls 77.6% of the total voting power of all outstanding Comcast UK Cable common shares and continues to consolidate Comcast UK Cable.

QVC. Through January 31, 1995, QVC's fiscal year end was January 31, and therefore, the Company recorded its equity interest in QVC's net income two months in arrears. For the year ended December 31, 1995, the Company recorded its proportionate interest in QVC's net income for the period from November 1, 1994 through January 31, 1995. Such results were not previously recorded by the Company since QVC's results of operations were recorded two months in arrears. QVC's results of operations and financial position, subsequent to January 31, 1995, are not separately presented as QVC was consolidated with the Company effective February 1, 1995 (see Note 3).The summarized financial information for the year ended December 31, 1994 includes financial information for QVC for the twelve months ended October 31, 1994.

Other. The Company's 13 other equity investees include investments in wired telecommunications (including Garden State - see Note 1), wireless telecommunications and content providers (including Comcast-Spectacor - see Note 3). The Company holds interests representing less than 20% of the total outstanding ownership interests in certain of its equity method investees. The equity method of accounting is utilized for these investments based on the type of investment (i.e. general partnership interest), board representation, participation in a controlling investor group, significant shareholder rights or a combination of these and other factors. In addition, the Company's 66% interest in Comcast-Spectacor is accounted for under the equity method since the Company does not maintain control over Comcast-Spectacor's operations. The Company does not consider these other equity method investments to be individually significant to its consolidated financial position, results of operations or liquidity. Accordingly, the Company has not included separate audited financial statements for these entities in this filing on Form 10-K.

Except for Sprint Spectrum (see Note 3), the Company does not have any additional significant contractual commitments with respect to any of its investments. However, to the extent the Company does not fund its investees' capital calls, it exposes itself to dilution of its ownership interests.

Public Companies
The following is a summary of the Company's investments in unrestricted publicly-traded companies (dollars in millions):

	December 31, 1996		December 31, 1995	
	Carrying Value	Unrealized Gain (Loss)	Carrying Value	Unrealized Gain (Loss)
Nextel Communications, Inc. ("Nextel") (1)	$75.4	$14.2	$30.2	($0.9)
Turner Broadcasting System, Inc. ("TBS") (2)			44.7	35.8
Other	90.1	(9.0)	95.2	(0.7)
	$165.5	$5.2	$170.1	$34.2

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(1) As of December 31, 1996 and 1995, the Company held 3.3 million and 693,000 shares of Nextel common stock, respectively. The investment includes options, which expire in September 1997, to acquire an additional 25.0 million shares of Nextel common stock at $16 per share. As of December 31, 1996, these options have been adjusted to their fair value of $32.6 million, as required by Generally Accepted Accounting Principles issued during 1996, reflecting an unrealized gain of $12.6 million. As of December 31, 1995, these options were recorded at their cost of $20.0 million and had an estimated fair value of $99.7 million. At December 31, 1995, the associated unrealized gain was not reflected in the above table or in the Company's consolidated balance sheet. In 1997, the Company sold these options to Nextel for $25.0 million.
(2) The Company's investment in TBS was exchanged for shares of Time Warner during 1996. The above table excludes the Company's investment in Time Warner as of December 31, 1996 (see below).

In February 1996, in connection with certain preemptive rights of the Company under previously existing agreements with Nextel, the Company purchased an additional 8.16 million shares, classified as long-term investments available for sale, of Nextel common stock at $12.25 per share, for a total cost of $99.9 million. During the years ended December 31, 1996 and 1995, the Company sold 5.6 million shares and 11.3 million shares, respectively, of Nextel common stock for $105.4 million and $212.6 million, respectively, and recognized pre-tax gains of $35.4 million and $36.2 million, respectively, as investment income in its consolidated statement of operations.

The Company received 1.36 million shares of Time Warner common stock (the "Time Warner Stock") in exchange (the "Exchange") for all of the shares of TBS stock (the "TBS Stock") held by the Company as a result of the merger of Time Warner and TBS in October 1996. As a result of the Exchange, the Company recognized a gain of $47.3 million in the fourth quarter of 1996, representing the difference between the Company's historical cost basis in the TBS Stock of $8.9 million and the new basis for the Company's investment in Time Warner Stock of $56.2 million, which was based on the closing price of the Time Warner Stock on the merger date of $41.375 per share. In December 1996 and January 1997, the Company sold 92,500 shares and 1.27 million shares, respectively, of the Time Warner Stock, representing the Company's entire interest in Time Warner, for $3.7 million and $48.6 million, respectively. As of December 31, 1996, the 1.27 million shares of Time Warner Stock held by the Company were recorded at fair value of $47.4 million and included in short-term investments in the Company's consolidated balance sheet.

In January 1995, the Company exchanged its investments in Heritage Communications, Inc. with TCI for 13.3 million publicly-traded Class A common shares of TCI with a fair market value of $290.0 million. Shortly thereafter, the Company sold 9.1 million unrestricted TCI shares for total proceeds of $188.1 million (collectively, the "Heritage Transaction"). As a result of these transactions, the Company recognized a pre-tax gain of $141.0 million as investment income in its 1995 consolidated statement of operations.

Privately Held Companies
It is not practicable to estimate the fair value of the Company's investments in privately held companies due to a lack of quoted market prices and excessive costs involved in determining such fair value.

5. LONG-TERM DEBT

	December 31, 1996	December 31, 1995
	(Dollars in millions)	
Notes payable to banks and insurance companies, due in installments through 2004	$4,662.5	$4,476.5
Senior participating redeemable zero coupon notes, due 2000	447.9	402.4
11.20% Senior discount debentures, due 2007	339.2	304.3
10% Subordinated debentures, due 2003	126.6	124.6
10-1/4% Senior subordinated debentures, due 2001	125.0	125.0
9-3/8% Senior subordinated debentures, due 2005	250.0	250.0
9-1/8% Senior subordinated debentures, due 2006	250.0	250.0
9-1/2% Senior subordinated debentures, due 2008	200.0	200.0
10-5/8% Senior subordinated debentures, due 2012	300.0	300.0
Convertible subordinated debt:		
3-3/8% / 5-1/2% Step-up convertible subordinated debentures, due 2005	250.0	250.0
1-1/8% Discount convertible subordinated debentures, due 2007	341.3	327.5
Other debt, due in installments principally through 2000	39.7	18.9
	7,332.2	7,029.2
Less current portion	229.5	85.4
	$7,102.7	$6,943.8

The maturities of long-term debt outstanding as of December 31, 1996 for the four years after 1997 are as follows:

	(Dollars in millions)
1998	$671.5
1999	462.5
2000	668.1
2001	1,282.4

Zero Notes

The senior participating redeemable zero coupon notes, due 2000 (the "Zero Notes"), have an aggregate face amount payable at maturity of $629.4 million, accreting at 11% per annum. If, at maturity, or an earlier redemption date, 35%, subject to reduction in certain circumstances, of the private market value, as determined by applicable procedures, of the Company's cellular subsidiaries is greater than the accreted value plus certain premiums, then such greater amount will constitute the redemption price. The holders of the Zero Notes have the right, upon request of the holders of the majority of the notes, to require the Company to redeem the Zero Notes at any time on or after March 5, 1998. The accreted value of the Zero Notes, without giving effect to the alternative formula based on the private market value of the cellular business, of $447.9 million as of December 31,1996 has been presented above as a 1998 maturity. As of December 31, 1996, $209.7 million accreted value of the Zero Notes is payable, at the Company's option, either in cash or the Company's Class A Special Common Stock.

2007 Discount Debentures

In November 1995, Comcast UK Cable received net proceeds of $291.1 million from the sale of $517.3 million principal amount at maturity of its 11.20% senior discount debentures due 2007 (the "2007 Discount Debentures"). Interest accretes on the 2007 Discount Debentures at 11.20% per annum, compounded semi-annually from November 15, 1995 to November 15, 2000, after which date interest will be paid in cash on each May 15 and November 15, through November 15, 2007.

Convertible Subordinated Debt

The 3-3/8% / 5-1/2% step-up convertible subordinated debentures due 2005 are convertible into the Company's Class A Special Common Stock at a conversion price of $24.50 per share. Interest on the debentures accrues at a rate per annum of 3-3/8% from the date of issuance to September 8, 1997. From and after such time, the Company will have the right to redeem the debentures for cash. Interest will accrue at a rate per annum of 5- 1/2% from September 9, 1997 to maturity, or earlier redemption.

The 1-1/8% discount convertible subordinated debentures due 2007 are convertible into the Company's Class A Special Common Stock at a conversion rate equal to 19.3125 shares per $1,000 principal amount at maturity. The conversion price will not be adjusted for accrued interest or original issue discount. The debentures were issued at 55.363% of their principal amount of $541.9 million at maturity resulting in a 6% effective annual yield to maturity. At any time on or after October 15, 1997, the Company may redeem such debentures for cash.

Debt Extinguishments

In May 1996, the Company expensed unamortized debt acquisition costs of $1.8 million in connection with the prepayment of a portion of a subsidiary's outstanding debt, resulting in an extraordinary loss, net of tax of $1.0 million. The Company incurred debt extinguishment costs totaling $9.4 million during 1995 in connection with the refinancing of certain indebtedness, resulting in an extraordinary loss, net of tax, of $6.1 million or $.02 per share. During 1994, the Company paid premiums and expensed unamortized debt acquisition costs totaling $18.0 million, primarily in connection with the redemption of its $150.0 million, 11-7/8% Senior subordinated debentures due 2004, resulting in an extraordinary loss, net of tax, of $11.7 million or $.05 per share.

Interest Rates

Fixed interest rates on notes payable to banks and insurance companies range from 8.6% to 10.57%. Bank debt interest rates vary based upon one or more of the following rates at the option of the Company:

Prime rate to prime plus 1%;
London Interbank Offered Rate (LIBOR) plus 3/8% to 2%; and
Certificate of deposit rate plus 3/4% to 2%.

As of December 31, 1996 and 1995, the Company's effective weighted average interest rate on its variable rate bank and insurance company debt outstanding was 6.53% and 7.13%, respectively.

Interest Rate and Foreign Currency Risk Management

The Company is exposed to market risk including changes in interest rates and foreign currency exchange rates. To manage the volatility relating to these exposures, the Company enters into various derivative transactions pursuant to the Company's policies in areas such as counterparty exposure and hedging practices. Positions are monitored using techniques including market value and sensitivity analyses.

The use of interest rate risk management instruments, such as Swaps, Caps and Collars, is required under the terms of certain of the Company's outstanding debt agreements. The Company's policy is to manage interest costs using a mix of fixed and variable rate debt. Using Swaps, the Company agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. Caps are used to lock in a maximum interest rate should variable rates rise, but enable the Company to otherwise pay lower market rates. Collars limit the Company's exposure to and benefits from interest rate fluctuations on variable rate debt to within a certain range of rates.

The following table summarizes the terms of the Company's existing Swaps, Caps and Collars as of December 31, 1996 and 1995 (dollars in millions):

	Notional Amount	Maturities	Average Interest Rate	Estimated Fair Value
As of December 31, 1996				
Variable to Fixed Swaps	$1,080.0	1997-2000	5.85%	$7.4
Caps	250.0	1997	8.55%	
Collars	620.0	1997-1998	6.98% / 5.16%	0.1
As of December 31, 1995				
Variable to Fixed Swaps	$650.0	1997-2000	6.05%	($6.8)
Caps	250.0	1997	8.20%	
Collars	300.0	1997	7.21% / 5.09%	(0.9)

The notional amounts of interest rate agreements, as presented in the above table, are used to measure interest to be paid or received and do not represent the amount of exposure to credit loss. The estimated fair value approximates the proceeds (costs) to settle the outstanding contracts. While Swaps, Caps and Collars represent an integral part of the Company's interest rate risk management program, their incremental effect on interest expense for the years ended December 31, 1996, 1995 and 1994 was not significant.

The Company has entered into certain FX Options as a normal part of its foreign currency risk management efforts. During 1995, Comcast UK Cable entered into certain foreign exchange put option contracts ("FX Puts") which may be settled only on November 16, 2000. These FX Puts are used to limit Comcast UK Cable's exposure to the risk that the eventual cash outflows related to net monetary liabilities denominated in currencies other than its functional currency (the UK Pound Sterling or "UK Pound") (principally the 2007 Discount Debentures) are adversely affected by changes in exchange rates. As of December 31, 1996 and 1995, Comcast UK Cable had (pound)250.0 million notional amount of FX Puts to purchase US dollars at an exchange rate of $1.35 per (pound)1.00 (the "Ratio"). The FX Puts provide a hedge, to the extent the exchange rate falls below the Ratio, against Comcast UK Cable's net monetary liabilities denominated in US dollars since gains and losses realized on the FX Puts are offset against foreign exchange gains or losses realized on the underlying net liabilities. Premiums paid for the FX Puts, of $21.4 million, have been recorded as assets in the Company's consolidated balance sheet. These premiums are being amortized over the terms of the related contracts. As of December 31, 1996, the FX Puts had a carrying value of $18.4 million and an estimated fair value of $5.5 million. The differences between the carrying amounts and the estimated fair value of the FX Puts were not significant as of December 31, 1995.

In the fourth quarter of 1995, in order to reduce hedging costs, Comcast UK Cable sold foreign exchange call option contracts ("FX Calls") to exchange (pound)250.0 million notional amount. Comcast UK Cable received $5.3 million from the sale of these contracts. These contracts may only be settled on their expiration dates. Of these contracts, (pound)200.0 million notional amount, with an exchange ratio of $1.70 per (pound)1.00, expired unexercised in November 1996 while the remaining contract, with a (pound)50.0 million notional amount and an exchange ratio of $1.62 per (pound)1.00, has a settlement date in November 2000. In the fourth quarter of 1996, in order to continue to reduce hedging costs, Comcast UK Cable sold additional FX Calls, for proceeds of $3.5 million, to exchange (pound)200.0 million notional amount at an average exchange ratio of $1.75 per (pound)1.00. These contracts may only be settled on their expiration dates during the fourth quarter of 1997. The FX Calls are marked-to-market on a current basis in the Company's consolidated statement of operations.

As of December 31, 1996 and 1995, the estimated fair value of the liabilities related to the FX Calls, as recorded in the Company's consolidated balance sheet, was $12.2 million and $5.8 million, respectively. Changes in fair value between measurement dates relating to the FX Calls resulted in exchange losses of $2.2 million during the year ended December 31, 1996 in the Company's consolidated statement of operations. There were no significant exchange gains or losses relating to these contracts during the year ended December 31, 1995.

Estimated Fair Value
The Company's long-term debt had estimated fair values of $7.323 billion and $7.089 billion as of December 31, 1996 and 1995, respectively. The estimated fair value of the Company's publicly traded debt is based on quoted market prices for that debt. Interest rates that are currently available to the Company for issuance of debt with similar terms and remaining maturities are used to estimate fair value for debt issues for which quoted market prices are not available.

Debt Covenants
Certain of the Company's subsidiaries' loan agreements contain restrictive covenants which limit the subsidiaries' ability to enter into arrangements for the acquisition of property and equipment, investments, mergers and the incurrence of additional debt. Certain of these agreements require that certain ratios and cash flow levels be maintained and contain certain restrictions on dividend payments and advances of funds to the Company. The Company and its subsidiaries were in compliance with such restrictive covenants for all periods presented. In addition, the stock of certain subsidiary companies is pledged as collateral for the notes payable to banks and insurance companies.

As of December 31, 1996, $376.8 million of the Company's cash, cash equivalents and short-term investments is restricted to use by subsidiaries of the Company under contractual or other arrangements, including $213.7 million which is restricted to use by Comcast UK Cable.

Restricted net assets of the Company's subsidiaries were approximately $2.4 billion as of December 31, 1996. The restricted net assets of subsidiaries exceeds the Company's consolidated net assets as certain of the Company's subsidiaries have a stockholders' deficiency.

Lines and Letters of Credit
As of February 1, 1997, certain subsidiaries of the Company had unused lines of credit of $1.679 billion. The availability and use of these unused lines of credit is restricted by the covenants of the related debt agreements and to subsidiary general purposes and dividend declaration. In addition, of the total unused lines of credit, $625.0 million was established by a subsidiary for debt refinancing.

As of December 31, 1996, the Company and certain of its subsidiaries had unused irrevocable standby letters of credit totaling $102.3 million to cover potential fundings associated with several projects.

6. STOCKHOLDERS' EQUITY (DEFICIENCY)

Preferred Stock
The Company is authorized to issue, in one or more series, up to a maximum of 20.0 million shares of preferred stock without par value. The shares can be issued with such designations, preferences, qualifications, privileges, limitations, restrictions, options, conversion rights and other special or related rights as the Company's Board of Directors (the "Board") shall from time to time fix by resolution.

In July 1996, in connection with the Sports Venture Acquisition (see Note 3), the Company issued 6,370 shares of Preferred Stock. Each holder of shares of the Preferred Stock is entitled to receive cumulative cash dividends at the annual rate of $250 per share, payable quarterly in arrears. The Preferred Stock is redeemable, at the option of the Company, beginning in July 1999 at a redemption price of $5,000 per share plus accrued and unpaid dividends, subject to certain conditions and conversion adjustments. The Preferred Stock is convertible, at the option of the holder, into shares of the Company's Class A Special Common Stock at a ratio of 209.1175 shares of Class A Special Common Stock for each share of Preferred Stock, subject to certain conditions. The holders of the Preferred Stock are not entitled to any voting rights except as otherwise provided by the Company's Articles of Incorporation or by applicable law.

Common Stock
Class A Special Common Stock is generally nonvoting and each share of Class A Common Stock is entitled to one vote. Each share of Class B Common Stock is entitled to fifteen votes and is convertible, share for share, into Class A or Class A Special Common Stock, subject to certain restrictions.

As of December 31, 1996, 20.7 million shares of Class A Special Common Stock were reserved for issuance upon conversion of the Company's convertible subordinated debentures.

Repurchase Program
Concurrent with the announcement of the Scripps Acquisition in October 1995, the Company announced that its Board authorized a market repurchase program (the "Repurchase Program") pursuant to which the Company may purchase, at such times and on such terms as it deems appropriate, up to $500.0 million of its outstanding common stock, subject to certain restrictions and market conditions. During the years ended December 31, 1996 and 1995, the Company repurchased 10.5 million shares and 680,000 shares, respectively, of its common stock for aggregate consideration of $180.0 million and $12.4 million, respectively, pursuant to the Repurchase Program. During January 1997, the Company repurchased an additional 450,000 shares of its common stock for aggregate consideration of $7.6 million. The Repurchase Program will terminate in May 1997. In addition, as of December 31, 1996, the Company has put options outstanding on 4.0 million shares of its Class A Special Common Stock (see Note 9).

Share Exchange
In December 1995, the Company issued 751,000 shares of its Class A Special Common Stock to the Company's Retirement-Investment Plan in exchange for an equivalent number of shares of its Class A Common Stock held as an investment of the Plan. The Class A Common Stock was subsequently retired.

Stock-Based Compensation Plans
As of December 31, 1996, the Company and its subsidiaries have several stock-based compensation plans for certain employees, officers, directors and other persons designated by the applicable compensation committees of the Boards of Directors of the Company and its subsidiaries. These plans are described below.

Comcast Option Plan. The Company maintains qualified and nonqualified stock option plans for certain employees, directors and other persons under which fixed stock options are granted and the option price is not less than the fair value of a share of the underlying stock at the date of grant (collectively, the "Comcast Option Plan"). Under the Comcast Option Plan, 36.1 million shares of Class A Special Common Stock and 658,000 shares of Class B Common Stock were reserved as of December 31, 1996. Option terms are generally from five to 10 1/2 years, with options generally becoming exercisable between two and 9 1/2 years from the date of grant.

A summary of the activity of the Comcast Option Plan as of and for the years ended December 31, 1996, 1995, and 1994 is presented below (options in thousands):

	1996		1995		1994	
	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
Class A Special Common Stock						
Outstanding at beginning of year	14,208	$14.25	11,868	$13.73	7,512	$9.34
Granted	1,308	17.41	2,899	15.88	5,165	19.61
Exercised	(199)	8.72	(267)	9.13	(527)	8.55
Canceled	(466)	16.08	(292)	15.42	(282)	13.84
Outstanding at end of year	14,851	14.54	14,208	14.25	11,868	13.73
Exercisable at end of year	6,875	$13.40	5,812	$13.13	4,950	$13.12
Class A Common Stock						
Outstanding at beginning of year	229	$4.87	362	$4.74	468	$4.57
Exercised	(229)	4.87	(129)	4.52	(81)	3.71
Canceled			(4)	4.92	(25)	4.84
Outstanding at end of year			229	4.87	362	4.74
Exercisable at end of year			226	$4.86	206	$4.66
Class B Common Stock						
Outstanding at beginning and end of year	658	$5.70	658	$5.70	658	$5.70
Exercisable at end of year	658	$5.70	557	$5.45	304	$5.59

The following table summarizes information about the Class A Special Common Stock options outstanding under the Comcast Option Plan as of December 31, 1996 (options in thousands):

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at 12/31/96	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable at 12/31/96	Weighted-Average Exercise Price
$6.22 to $9.92	2,851	2.8 Years	$7.14	1,811	$7.12
$10.17 to $14.63	3,828	5.3 Years	11.78	2,247	11.14
$15.00 to $17.63	2,652	8.7 Years	15.95	59	15.57
$17.75 to $23.28	5,520	5.6 Years	19.61	2,758	19.33
	14,851			6,875	

The weighted-average fair value at date of grant of a Class A Special Common Stock option granted under the Comcast Option Plan during 1996 and 1995 was $9.71 and $9.67, respectively. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in 1996 and 1995: dividend yield of .53% and .65% for 1996 and 1995, respectively; expected volatility of 34.9% and 40.7% for 1996 and 1995, respectively; risk-free interest rate of 6.8% and 7.6% for 1996 and 1995, respectively; expected option lives of 9.9 years and 10.2 years for 1996 and 1995, respectively; and a forfeiture rate of 3.0% for both years.

QVC Tandem Plan. QVC established a qualified and nonqualified combination stock option/Stock Appreciation Rights ("SAR") plan (collectively, the "QVC Tandem Plan") during 1995 for employees, officers, directors and other persons designated by the Compensation Committee of QVC's Board of Directors. Under the QVC Tandem Plan, the option price is generally not less than the fair value, as determined by an independent appraisal, of a share of the underlying common stock of QVC (the "QVC Common Stock") at the date of grant. As of the latest valuation date, the fair value of a share of QVC Common Stock was $585.19. If the SAR feature of the QVC Tandem Plan is elected by the eligible participant, the participant receives 75% of the excess of the fair value of a share of QVC Common Stock over the exercise price of the option to which it is attached at the exercise date. Option holders have stated an intention not to exercise the SAR feature of the QVC Tandem Plan. Because the exercise of the option component is more likely than the exercise of the SAR feature, compensation expense is measured based on the stock option component. Under the QVC Tandem Plan, option/SAR terms are ten years from the date of grant, with options/SARs generally becoming exercisable over four years from the date of grant. As of December 31, 1996, 263,000 shares of QVC Common Stock were reserved under the plan. Compensation expense of $4.0 million was recorded under this plan during the year ended December 31, 1996. No compensation expense was recognized under this plan during the year ended December 31, 1995.

A summary of the activity of the QVC Tandem Plan as of and for the years ended December 31, 1996 and 1995 is presented below (options/SARs in thousands):

	1996		1995	
	Options/ SARs	Weighted- Average Exercise Price	Options/ SARs	Weighted- Average Exercise Price
Outstanding at beginning of year	142	$177.05		
Granted	26	271.23	142	$177.05
Canceled	(4)	177.05		
Outstanding at end of year	164	192.16	142	177.05
Exercisable at end of year	36	$177.05		

The following table summarizes information about the options/SARs outstanding under the QVC Tandem Plan as of December 31, 1996 (options/SARs in thousands):

	Options/SARs Outstanding		Options/SARs Exercisable
Exercise Price	Number Outstanding at 12/31/96	Weighted- Average Remaining Contractual Life	Number Exercisable at 12/31/96
$177.05	157	8.3 Years	36
522.31	3	9.5 Years	
585.19	4	9.8 Years	
	164		36

The weighted-average fair value at date of grant of a QVC Common Stock option/SAR granted during 1996 and 1995 was $385.13 and $96.05, respectively. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in 1996 and 1995: no dividend yield for both years; expected volatility of 20% for both years; risk-free interest rate of 6.8% and 7.5% for 1996 and 1995, respectively; expected option lives of 10 years for both 1996 and 1995; and a forfeiture rate of 3.0% for both years.

Had compensation expense for the Company's two aforementioned stock-based compensation plans been determined based on the fair value at the grant dates for awards under those plans under the provisions of SFAS No. 123, the Company's net loss and net loss per share would have been increased to the pro forma amounts indicated below (dollars in millions, except per share data):

	1996	1995
Net loss -- As reported	($53.5)	($43.9)
Net loss -- Pro forma	(61.0)	(50.7)
Net loss per share -- As reported	($.21)	($.18)
Net loss per share -- Pro forma	(.24)	(.21)

The pro forma effect on net loss and net loss per share for 1996 and 1995 by applying SFAS No. 123 may not be indicative of the pro forma effect on net income or loss in future years since SFAS No. 123 does not take into consideration pro forma compensation expense related to awards made prior to January 1, 1995 and since additional awards in future years are anticipated.

Other Stock-Based Compensation Plans

The Company maintains a restricted stock program under which management employees may be granted restricted shares of the Company's Class A Special Common Stock. The shares awarded vest annually, generally over a period not to exceed five years from the date of the award, and do not have voting or dividend rights until vesting occurs. At December 31, 1996, there were 1.4 million unvested shares granted under the program, of which 281,000 vested in January 1997. During the years ended December 31, 1996 and 1995, 951,000 and 135,000 shares were granted under the program, respectively, with a weighted-average grant date market value of $19.16 and $20.61 per share, respectively. Compensation expense recognized during the years ended December 31, 1996, 1995, and 1994 under this program was $5.5 million, $4.6 million, and $4.4 million, respectively. There was no significant difference between the amount of compensation expense recognized by the Company during the years ended December 31, 1996 and 1995 and the amount that would have been recognized had compensation expense been determined under the provisions of SFAS 123.

The Company and QVC established SAR plans during 1996 and 1995 for certain employees, officers, directors, and other persons (the "QVC SAR Plans"). Under the QVC SAR Plans, eligible participants are entitled to receive a cash payment from the Company or QVC equal to 100% of the excess, if any, of the fair value of a share of QVC Common Stock at the exercise date over the fair value of such a share at the grant date. The SARs have a term of ten years from the date of grant and become exercisable over four to five years from the date of grant. During each of the years ended December 31, 1996 and 1995, 11,000 SARs were awarded and 21,000 SARs were outstanding at December 31, 1996, of which 3,000 were exercisable. Compensation expense related to the plans of $4.5 million and $1.1 million was recorded during the years ended December 31, 1996 and 1995, respectively. There was no significant difference between the amount of compensation expense recognized and the amount that would have been recognized had compensation expense been determined under the provisions of SFAS 123.

7. INCOME TAXES

As a result of the Company's recent acquisitions, the Company's deferred income tax liability and deferred charges were increased for temporary differences between the financial reporting basis and the income tax reporting basis of the assets acquired at the dates of their acquisition, as described below (dollars in millions):

	Year Ended December 31,		
	1996	1995	1994
Scripps Cable	$499.2		
Interest in Comcast-Spectacor	36.4		
QVC		$45.7	
Maclean Hunter			$488.0

At their dates of acquisition, Scripps Cable and QVC had net deferred income tax liabilities of $101.7 million and $33.2 million, respectively, which were assumed by the Company.

The Company joins with its 80% or more owned subsidiaries in filing consolidated federal income tax returns. Both QVC and the direct subsidiary of the LLC file separate consolidated federal income tax returns. The increases in the Company's consolidated current federal income tax expense, shown in the table below, is primarily attributable to QVC's federal income tax expense being consolidated with the Company's for financial reporting purposes.

Income tax expense (benefit) consists of the following components:

	Year Ended December 31, 1996	1995	1994
	(Dollars in millions)		
Current expense			
Federal	$82.0	$45.2	$8.1
State	23.3	14.3	12.4
	105.3	59.5	20.5
Deferred expense (benefit)			
Federal	(20.4)	(22.0)	(27.9)
State	(0.5)	4.6	(1.8)
	(20.9)	(17.4)	(29.7)
Income tax expense (benefit)	$84.4	$42.1	($9.2)

The effective income tax expense (benefit) of the Company differs from the statutory amount because of the effect of the following items:

	Year Ended December 31, 1996	1995	1994
	(Dollars in millions)		
Federal tax at statutory rate	($5.6)	($15.9)	($31.5)
Non-deductible depreciation and amortization	32.0	23.7	3.2
State income taxes, net of federal benefit	14.8	12.3	6.9
Non-deductible foreign losses and equity in net losses of affiliates	27.5	17.3	10.6
Additions to valuation allowance	18.3	1.4	0.6
Other	(2.6)	3.3	1.0
Income tax expense (benefit)	$84.4	$42.1	($9.2)

Deferred income tax benefit resulted from the following differences between financial and income tax reporting:

	Year Ended December 31, 1996	1995	1994
	(Dollars in millions)		
Depreciation and amortization	($60.2)	($68.3)	($36.3)
Accrued expenses not currently deductible	(6.3)	(2.7)	(22.3)
Non-deductible reserves for bad debts, obsolete inventory and sales returns	(11.0)	(14.2)	
Non-taxable temporary differences associated with sale or exchange of securities	30.9	22.7	
Losses (income) from affiliated partnerships	25.6	(2.4)	(1.0)
Utilization of net operating loss carryforwards		41.0	28.3
Deferred tax assets arising from current period losses	(23.0)	(10.0)	
Change in valuation allowance and other	23.1	16.5	1.6
Deferred income tax benefit	($20.9)	($17.4)	($29.7)

Significant components of the Company's net deferred tax liability are as follows:

	December 31, 1996	1995
	(Dollars in millions)	
Deferred tax assets:		
Net operating loss carryforwards	$280.9	$257.9
Differences between book and tax basis of property and equipment and deferred charges	24.5	26.8
Reserves for bad debts, obsolete inventory and sales returns	73.9	62.9
Other	49.7	43.3
Less: Valuation allowance	(263.2)	(244.9)
	165.8	146.0
Deferred tax liabilities, principally differences between book and tax basis of property and equipment and deferred charges	2,228.3	1,604.2
Net deferred tax liability	$2,062.5	$1,458.2

The deferred tax liability is net of deferred tax assets of $78.0 million and $59.8 million as of December 31, 1996 and 1995, respectively, which are included in other current assets in the Company's consolidated balance sheet. The Company's valuation allowance against deferred tax assets includes approximately $120.0 million for which any subsequent tax benefits recognized will be allocated to reduce goodwill and other noncurrent intangible assets. For income tax reporting purposes, the subsidiaries of the LLC have net operating loss carryforwards of approximately $28.0 million for which a deferred tax asset has been recorded, which expire primarily in 2010 and 2011. Remaining net operating loss carryforwards, for which valuation allowances have been established, expire in periods through 2011.

8. STATEMENT OF CASH FLOWS - SUPPLEMENTAL INFORMATION

The Company made cash payments for interest of $456.8 million, $459.1 million and $261.6 million during the years ended December 31, 1996, 1995 and 1994, respectively.

The Company made cash payments for income taxes of $101.4 million and $35.4 million during the years ended December 31, 1996 and 1995, respectively. Cash payments for income taxes during the year ended December 31, 1994 were not significant.

9. COMMITMENTS AND CONTINGENCIES

Commitments
Beginning in January 1998, the Company has the right to purchase the minority interests in Comcast-Spectacor from the Minority Group for the Minority Group's pro rata portion of the fair market value (on a going concern basis as determined by an appraisal process) of Comcast-Spectacor. The Minority Group also has the right (together with the Company's right, the "Exit Rights") to require the Company to purchase its interests under the same terms. The Company may pay the Minority Group for such interests in shares of the Company's Class A Special Common Stock, subject to certain restrictions. If the Minority Group exercises its Exit Rights and the Company elects not to purchase their interest, the Company and the Minority Group will use their best efforts to sell Comcast-Spectacor.

Assuming consummation of the E! Acquisition, after the 18 month anniversary of the closing date of the E! Acquisition, Disney, in certain circumstances, is entitled to cause Newco to purchase Disney's entire interest in Newco at its then fair market value (as determined by an appraisal process). If Newco elects not to purchase Disney's interests, Disney has the right, at its option, to purchase either the Company's entire interest in Newco or all of the shares of stock of E! Entertainment held by Newco, in each case at fair market value. In the event that Disney exercises its rights, as described above, a portion or all of the Disney Notes may be replaced with a three year note due to Disney.

Liberty Media Corporation ("Liberty"), a majority owned subsidiary of TCI, may, at certain times following February 9, 2000, trigger the exercise of certain exit rights with respect to its investment in QVC. If the exit rights are triggered, the Company has first right to purchase Liberty's stock in QVC at Liberty's pro rata portion of the fair market value (on a going concern or liquidation basis, whichever is higher, as determined by an appraisal process) of QVC. The Company may pay Liberty for such stock, subject to certain rights of Liberty to consummate the purchase in the most tax-efficient method available, in cash, the Company's promissory note maturing not more than three years after issuance, the Company's equity securities or any combination thereof. If the Company elects not to purchase the stock of QVC held by Liberty, then Liberty will have a similar right to purchase the stock of QVC held by the Company. If Liberty elects not to purchase the stock of QVC held by the Company, then Liberty and the Company will use their best efforts to sell QVC.

As a result of the Maclean Hunter Acquisition, at any time after December 18, 2001, CalPERS may elect to liquidate its interest in the LLC at a price based upon the fair value of CalPERS' interest in the LLC, adjusted, under certain circumstances, for certain performance criteria relating to the fair value of the LLC or to the Company's common stock. Except in certain limited circumstances, the Company, at its option, may satisfy this liquidity arrangement by purchasing CalPERS' interest for cash, through the issuance of the Company's common stock (subject to certain limitations) or by selling the LLC.

As part of the Repurchase Program, the Company sold put options on 1.0 million and 3.0 million shares of its Class A Special Common Stock during the years ended December 31, 1996 and 1995, respectively. The put options give the holders the right to require the Company to repurchase such shares at specified prices on specific dates in January through March 1997. As of December 31, 1996, the Company has reclassified $69.6

million, the amount it would be obligated to pay to repurchase such shares upon exercise of the put options, to a temporary equity account in its consolidated balance sheet. The temporary equity related to these shares will be reclassified to additional capital in the first quarter of 1997 upon expiration or settlement of the options. The difference between the proceeds received from the sale of these put options and their estimated fair value was not significant as of December 31, 1996 and 1995.

Minimum annual rental commitments for office space and equipment under noncancellable operating leases as of December 31, 1996 are as follows:

	(Dollars in millions)
1997	$52.4
1998	48.7
1999	42.5
2000	36.3
2001	36.2
Thereafter	159.8

Rental expense of $54.7 million, $44.6 million and $21.9 million for 1996, 1995 and 1994, respectively, has been charged to operations.

Contingencies

The Company has an agreement with an unrelated third party which provides for the sale and servicing of accounts receivable relating to the Company's electronic retailing operations. The Company sold accounts receivable at face value of $687.0 million and $530.2 million under this agreement in 1996 and 1995, respectively. The Company remains obligated to repurchase uncollectible accounts pursuant to the recourse provisions of the agreement and is required to maintain a specified percentage of all outstanding receivables under the program as a deposit with the third party to secure its obligations under the agreement.

The uncollected balance of accounts receivable sold under this program was $317.7 million and $283.1 million as of December 31, 1996 and 1995, respectively, of which $284.5 million and $234.5 million, respectively, represent deposits under the agreement, that are included in accounts receivable. Total recorded reserves relating to the possible repurchase of uncollectible accounts was $73.2 million and $71.6 million as of December 31, 1996 and 1995, respectively. The receivables sold under the program are considered, for financial reporting purposes, to be financial instruments with off-balance sheet risk. The carrying value of accounts receivable, adjusted for the reserves described above, approximates fair value as of December 31, 1996 and 1995.

The Company is subject to claims which arise in the ordinary course of its business and other legal proceedings. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position, results of operations or liquidity of the Company.

The Company has settled the majority of outstanding proceedings challenging its rates charged for regulated cable services. In December 1995, the FCC adopted an order approving a negotiated settlement of rate complaints pending against the Company for cable programming service tiers ("CPSTs") which provided $6.6 million in refunds, plus interest, given in the form of bill credits during 1996, to 1.3 million of the Company's cable subscribers. As part of the negotiated settlement, the Company agreed to forego certain inflation and external cost adjustments for systems covered by its cost-of-service filings for CPSTs. The Company currently is seeking to justify rates for basic cable services and equipment in certain of its cable systems in the State of Connecticut on the basis of a cost-of-service showing. The State of Connecticut has ordered the Company to reduce such rates and to make refunds to subscribers. The Company has appealed the Connecticut decision to the FCC. Recent pronouncements from the FCC, which generally support the Company's position on appeal, have caused the State of Connecticut to reexamine its prior ruling. While the Company cannot predict the outcome of this action, the Company believes that the ultimate resolution of these pending regulatory matters will not have a material adverse impact on the Company's financial position, results of operations or liquidity.

10. FINANCIAL DATA BY BUSINESS SEGMENT

The following represents the Company's significant business segments, including: "Domestic Cable Communications," the most significant of the Company's wired telecommunications operations; "Electronic Retailing," the most significant of the Company's content businesses; and "Cellular Communications," the most significant of the Company's wireless telecommunications operations. The remaining components of the Company's operations are not independently significant to the Company's consolidated financial position or results of operations and are included under the caption "Corporate and Other" (dollars in millions).

	Domestic Cable Communications	Electronic Retailing	Cellular Communications	Corporate and Other(1)	Total
1996					
Revenues	$1,640.9	$1,835.8	$426.1	$135.6	$4,038.4
Depreciation and amortization	416.2	107.7	117.2	57.2	698.3
Operating income (loss)	393.8	192.6	43.0	(120.5)	508.9
Interest expense	228.3	65.2	92.4	154.9	540.8
Assets	6,938.3	2,162.7	1,368.3	1,619.3	12,088.6
Long-term debt	3,078.1	842.6	1,104.4	2,077.6	7,102.7
Capital expenditures	290.9	63.6	116.0	199.9	670.4
Equity in net (losses) income of affiliates	(22.1)	0.2		(122.9)	(144.8)
1995					
Revenues	$1,454.9	$1,487.7	$374.9	$45.4	$3,362.9
Depreciation and amortization	372.5	86.1	205.7	24.7	689.0
Operating income (loss)	346.0	145.8	(67.9)	(94.1)	329.8
Interest expense	245.6	75.3	74.7	129.1	524.7
Assets	4,531.1	2,096.4	1,349.4	1,603.4	9,580.3
Long-term debt	2,984.2	911.3	928.9	2,119.4	6,943.8
Capital expenditures	237.8	28.1	228.7	128.4	623.0
Equity in net (losses) income of affiliates	(17.6)	0.3		(69.3)	(86.6)
1994					
Revenues	$1,065.3	$	$286.1	$23.9	$1,375.3
Depreciation and amortization	229.5		89.9	17.1	336.5
Operating income (loss)	288.0		26.4	(74.6)	239.8
Interest expense	151.1		58.6	103.7	313.4
Assets	4,504.8	84.1	1,203.2	970.9	6,763.0
Long-term debt	2,852.9		744.5	1,213.1	4,810.5
Capital expenditures	171.7		71.9	26.3	269.9
Equity in net (losses) income of affiliates	(8.3)	11.2		(43.8)	(40.9)

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(1) Corporate and other includes certain elimination entries related to the segments presented.

11. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

	First Quarter	Second Quarter	Third Quarter (2)	Fourth Quarter (5)	Total Year
	(Dollars in millions, except per share data)				
1996					
Revenues	$950.7	$945.6	$974.6	$1,167.5	$4,038.4
Operating income before depreciation and amortization (1)	270.1	296.1	295.8	345.2	1,207.2
Operating income	113.3	128.7	129.1	137.8	508.9
(Loss) income before extraordinary item (4)	(34.6)	17.8	(10.0)	(25.7)	(52.5)
Extraordinary item		(1.0)			(1.0)
Net (loss) income (4)	(34.6)	16.8	(10.0)	(25.7)	(53.5)
(Loss) income per share before extraordinary item	(.14)	.07	(.04)	(.10)	(.21)
Extraordinary item per share					
Net (loss) income per share	(.14)	.07	(.04)	(.10)	(.21)
Cash dividends per share	.0233	.0233	.0233	.0233	.0933
1995					
Revenues	$663.6	$823.6	$870.2	$1,005.5	$3,362.9
Operating income before depreciation and amortization (1)	219.6	260.8	264.1	274.3	1,018.8
Operating income (3)	(23.9)	117.3	116.5	119.9	329.8
Loss before extraordinary items (3)	(0.6)	(29.3)	(2.0)	(5.9)	(37.8)
Extraordinary items			(5.4)	(0.7)	(6.1)
Net loss (3)	(0.6)	(29.3)	(7.4)	(6.6)	(43.9)
Loss per share before extraordinary items		(.12)	(.01)	(.03)	(.16)
Extraordinary items per share			(.02)		(.02)
Net loss per share		(.12)	(.03)	(.03)	(.18)
Cash dividends per share	.0233	.0233	.0233	.0233	.0933

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(1) Operating income before depreciation and amortization is commonly referred to in the Company's businesses as "operating cash flow." Operating cash flow is a measure of a company's ability to generate cash to service its obligations, including debt service obligations, and to finance capital and other expenditures. In part due to the capital intensive nature of the Company's businesses and the resulting significant level of non-cash depreciation and amortization expense, operating cash flow is frequently used as one of the bases for comparing businesses in the Company's industries. Operating cash flow does not purport to represent net income or net cash provided by operating activities, as those terms are defined under generally accepted accounting principles, and should not be considered as an alternative to such measurements as an indicator of the Company's performance.

(2) Results of operations for the third quarter of 1995 were affected by premiums paid and losses incurred in connection with the redemption of certain of the Company's debt, shown as extraordinary items in the Company's consolidated statement of operations.

(3) Results of operations were affected by the Cellular Rebuild and the Heritage Transaction in the first quarter of 1995 and by the sale of Nextel shares in the third quarter of 1995 (see Notes 3 and 4).

(4) Results of operations were affected by the TCGI Gain and the sale of Nextel shares in the second quarter of 1996 (see Note 4).

(5) Results of operations for the fourth quarter of 1996 includes the results of operations of Scripps Cable, which have been consolidated effective November 1, 1996, and the gain on the Exchange (see Notes 3 and 4). The Company's consolidated results of operations for the fourth quarter of 1996 and 1995 are also affected by the seasonality of the Company's electronic retailing operations.

ITEM 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

The information called for by Item 10, Directors and Executive Officers of the Registrant (except for the information regarding executive officers called for by Item 401 of Regulation S-K which is included in Part I hereof as Item 4A in accordance with General Instruction G(3)), Item 11, Executive Compensation, Item 12, Security Ownership of Certain Beneficial Owners and Management, and Item 13, Certain Relationships and Related Transactions, is hereby incorporated by reference to the Registrant's definitive Proxy Statement for its Annual Meeting of Shareholders presently scheduled to be held in June 1997, which shall be filed with the Securities and Exchange Commission within 120 days of the end of the Registrant's latest fiscal year.

PART IV

ITEM 14 EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) The following consolidated financial statements of the Company are included in Part II, Item 8:

(b) (i) The following financial statement schedules required to be filed by Items 8 and 14(d) of Form 10-K are included in Part IV:

Schedule I -- Condensed Financial Information of Registrant Unconsolidated (Parent Only)
Schedule II -- Valuation and Qualifying Accounts

All other schedules are omitted because they are not applicable, not required or the required information is included in the consolidated financial statements or notes thereto.

(c) Exhibits required to be filed by Item 601 of Regulation S-K:

3.1(a) Amended and Restated Articles of Incorporation filed on July 24, 1990 (incorporated by reference to Exhibit 3.1(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 1995).

3.1(b) Amendment to Restated Articles of Incorporation filed on July 14, 1994 (incorporated by reference to Exhibit 3.1(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 1995).

3.1(c) Amendment to Restated Articles of Incorporation filed on July 12, 1995 (incorporated by reference to Exhibit 3.1(c) to the Company's Annual Report on Form 10-K for the year ended December 31, 1995).

3.1(d) Amendment to Restated Articles of Incorporation filed on June 24, 1996 (incorporated by reference to Exhibit 4.1(d) to the Company's Registration Statement on Form S-3, as amended, filed on July 16, 1996).

3.2 Amended and Restated By-Laws (incorporated by reference to Exhibit 3(ii) to the Company's Annual Report on Form 10-K for the year ended December 31, 1993).

4.1 Specimen Class A Common Stock Certificate (incorporated by reference to Exhibit 2(a) to the Company's Registration Statement on Form S-7 filed on September 17, 1980, File No. 2- 69178).

4.2 Specimen Class A Special Common Stock Certificate (incorporated by reference to Exhibit 4(2) to the Company's Annual Report on Form 10-K for the year ended December 31, 1986).

4.3(a) Indenture (including form of Note), dated as of May 15, 1983, between Storer Communications, Inc. and The Chase Manhattan Bank, N.A., as Trustee, relating to 10% Subordinated Debentures due May 2003 of Storer Communications, Inc. (incorporated by reference to Exhibit 4.6 to the Registration Statement on Form S-1 (File No. 2-98938) of SCI Holdings, Inc.).

4.3(b) First Supplemental Indenture, dated December 3, 1986 (incorporated by reference to Exhibit 4.5 to the Current Report on Form 8-K of Storer Communications, Inc. dated December 3, 1986).

4.4 Amended and Restated Indenture dated as of June 5, 1992 among Comcast Cellular Corporation, the Company and The Bank of New York, as Trustee, relating to $500,493,000 Series A Senior Participating Redeemable Zero Coupon Notes due 2000 and $500,493,000 Series B Senior Participating Redeemable Zero Coupon Notes due 2000 (incorporated by reference to Exhibit 4.3 to the Registration Statement on Form S-1 (File No. 33-46863) of Comcast Cellular Corporation).

4.5 Indenture, dated as of October 17, 1991, between the Company and Morgan Guaranty Trust Company of New York, as Trustee (incorporated by reference to Exhibit 2 to the Company's Current Report on Form 8-K filed on October 31, 1991).

4.6 Form of Debenture relating to the Company's 10-1/4% Senior Subordinated Debentures due 2001 (incorporated by reference to Exhibit 4(19) to the Company's Annual Report on Form 10-K for the year ended December 31, 1991).

4.7 Form of Debenture relating to the Company's $300,000,000 10-5/8% Senior Subordinated Debentures due 2012 (incorporated by reference to Exhibit 4(17) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992).

4.8 Form of Debenture relating to the Company's $200,000,000 9-1/2% Senior Subordinated Debentures due 2008 (incorporated by reference to Exhibit 4(18) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992).

4.9 Indenture, dated as of February 20, 1991, between the Company and Bankers Trust Company, as Trustee (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-3, File No. 33-32830, filed on January 11, 1990).

4.10 Form of Debenture relating the Company's 3-3/8% / 5-1/2% Step-up Convertible Subordinated Debentures Due 2005 (incorporated by reference to Exhibit 4(14) to the Company's Annual Report on Form 10-K for the year ended December 31, 1993).

4.11 Form of Debenture relating to the Company's 1-1/8% Discount Convertible Subordinated Debentures Due 2007 (incorporated by reference to Exhibit 4 to the Company's Current Report on Form 8-K filed on November 15, 1993).

4.12 Form of Debenture relating to the Company's $250.0 million 9-3/8% Senior Subordinated Debentures due 2005 (incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1995).

4.13 Form of Debenture relating to the Company's $250.0 million 9-1/8% Senior Subordinated Debentures due 2006 (incorporated by reference to Exhibit 4.13 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995).

4.14 Indenture dated as of November 15, 1995, between Comcast UK Cable Partners Limited and Bank of Montreal Trust Company, as Trustee, in respect of Comcast UK Cable Partners Limited's 11.20% Senior Discount Debentures due 2007 (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-1 (File No. 33-96932) of Comcast UK Cable Partners Limited).

4.14(a) Form of Debenture relating to Comcast UK Cable Partners Limited's 11.20% Senior Discount Debentures due 2007 (incorporated by reference to Exhibit 4.2 to the Registration Statement on Form S-1 (File No. 33-96932) of Comcast UK Cable Partners Limited).

4.15 Form of Statement of Designations, Preferences and Rights of 5% Series A Convertible Preferred Stock of the Company (incorporated by reference to Exhibit 4.1(e) to the Company's Registration Statement on Form S-3 filed on July 16, 1996).

10.1/*/ Credit Agreement, dated as of September 14, 1995, between Comcast Cellular Communications, Inc., the banks listed therein, The Bank of New York, Barclays Bank PLC, The Chase Manhattan Bank, N.A., PNC Bank, National Association, and The Toronto-Dominion Bank, as Arranging Agents, and Toronto Dominion (Texas), Inc., as Administrative Agent.

10.2/*/ Credit Agreement, dated as of September 19, 1995, between Comcast Holdings, Inc., the banks listed therein, The Chase Manhattan Bank, N.A., as Arranging Agent, Bank of Montreal, CIBC Inc., The Long-term Credit Bank of Japan, Limited, Royal Bank of Canada and Societe Generale, as Managing Agents, and The Chase Manhattan Bank, N.A., as Administrative Agent.

10.3* Comcast Corporation 1986 Non-Qualified Stock Option Plan, as amended and restated, effective December 10, 1996.

10.4* Comcast Corporation 1987 Stock Option Plan, as amended and restated, effective December 10, 1996.

10.5* Comcast Corporation 1996 Stock Option Plan, as amended and restated, effective December 10, 1996.

10.6* Comcast Corporation 1996 Deferred Compensation Plan, as amended and restated, effective December 10, 1996 (incorporated by reference to Exhibit 10 to the Company's Registration Statement on Form S-8 filed on December 24, 1996).

10.7* Comcast Corporation 1990 Restricted Stock Plan, as amended and restated, effective December 18, 1996.

10.8* 1992 Executive Split Dollar Insurance Plan (incorporated by reference to Exhibit 10(12) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992).

10.9* Comcast Corporation 1996 Cash Bonus Plan, as amended and restated, effective December 10, 1996.

10.10* Comcast Corporation 1996 Executive Cash Bonus Plan, dated August 15, 1996.

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* Constitutes a management contract or compensatory plan or arrangement.

/*/ Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, the Registrant agrees to furnish a copy of the referenced agreement to the Commission upon request.

10.11* Form of Compensation and Deferred Compensation Agreement and Stock Appreciation Bonus Plan for Ralph J. Roberts (incorporated by reference to Exhibit 10(13) to the Company's Annual Report on Form 10-K for the year ended December 31, 1993).

10.12 The Comcast Corporation Retirement-Investment Plan, as amended and restated effective January 1, 1993 (revised through September 30, 1995) (incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-8 filed on October 5, 1995).

10.13 Defined Contribution Plans Master Trust Agreement, between Comcast Corporation and State Street Bank and Trust Company (incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-8 filed on October 5, 1995).

10.14 Tax Sharing Agreement, dated as of December 2, 1992, among Storer Communications, Inc., TKR Cable I, Inc., TKR Cable II, Inc., TKR Cable III, Inc., Tele-Communications, Inc., the Company and each of the Departing Subsidiaries that are signatories thereto (incorporated by reference to Exhibit 4 to the Company's Current Report on Form 8-K filed on December 17, 1992, as amended by Form 8 filed January 8, 1993).

10.15(a) Credit Agreement, dated as of December 2, 1992, among Comcast Storer, Inc. and The Bank of New York, The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, The Chase Manhattan Bank (National Association), Chemical Bank, LTCB Trust Company and The Toronto-Dominion Bank, as managing agents, and The Bank of New York, as administrative agent (incorporated by reference to Exhibit 5 to the Company's Current Report on Form 8-K filed on December 17, 1992, as amended by Form 8 filed January 8, 1993).

10.15(b)/*/ Amendment No. 1, dated as of November 30, 1994, to the Credit Agreement dated as of December 2, 1992, among Comcast Storer, Inc., the banks named therein and The Bank of New York, as administrative agent.

10.15(c)/*/ Amendment No. 2, dated as of December 13, 1995, to the Credit Agreement dated as of December 2, 1992, as amended, among Comcast Storer, Inc., the banks named therein and The Bank of New York, as administrative agent.

10.15(d)/*/ Amendment No. 3 and Waiver, dated as of February 29, 1996, to the Credit Agreement dated as of December 2, 1992, as amended, among Comcast Storer, Inc., the banks named therein and The Bank of New York, as administrative agent.

10.16 Note Purchase Agreement, dated as of November 15, 1992, among Comcast Storer, Inc., Storer Communications, Inc., Comcast Storer Finance Sub, Inc. and each of the respective purchasers named therein (incorporated by reference to Exhibit 6 to the Company's Current Report on Form 8-K filed on December 17, 1992, as amended by Form 8 filed January 8, 1993).

10.17 Payment Agreement, dated December 2, 1992, among the Company, Comcast Storer, Inc., SCI Holdings, Inc., Storer Communications, Inc. and each of the Remaining Subsidiaries that are signatories thereto (incorporated by reference to Exhibit 7 to the Company's Current Report on Form 8-K filed on December 17, 1992, as amended by Form 8 filed January 8, 1993).

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* Constitutes a management contract or compensatory plan or arrangement.

/*/ Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, the Registrant agrees to furnish a copy of the referenced agreement to the Commission upon request.

10.18 Intercreditor and Collateral Agency Agreement, dated as of December 2, 1992, among Comcast Storer, Inc., Comcast Cable Communications, Inc., Storer Communications, Inc., the banks party to the Credit Agreement dated as of December 2, 1992, the purchasers of the Senior Notes under the separate Note Purchase Agreements each dated as of November 15, 1992, the Senior Lenders (as defined therein) and The Bank of New York as collateral agent for the Senior Lenders (incorporated by reference to Exhibit 8 to the Company's Current Report on Form 8-K filed on December 17, 1992, as amended by Form 8 filed January 8, 1993).

10.19 Tax Sharing Agreement, dated December 2, 1992, between the Company and Comcast Storer, Inc. (incorporated by reference to Exhibit 9 to the Company's Current Report on Form 8-K filed on December 17, 1992, as amended by Form 8 filed January 8, 1993).

10.20 Pledge Agreement, dated as of December 2, 1992, between Comcast Cable Communications, Inc. and The Bank of New York (incorporated by reference to Exhibit 10 to the Company's Current Report on Form 8-K filed on December 17, 1992, as amended by Form 8 filed January 8, 1993).

10.21 Pledge Agreement, dated as of December 2, 1992, between Comcast Storer, Inc. and The Bank of New York (incorporated by reference to Exhibit 11 to the Company's Current Report on Form 8-K filed on December 17, 1992, as amended by Form 8 filed January 8, 1993).

10.22 Pledge Agreement, dated as of December 2, 1992, between Storer Communications, Inc. and The Bank of New York (incorporated by reference to Exhibit 12 to the Company's Current Report on Form 8-K filed on December 17, 1992, as amended by Form 8 filed January 8, 1993).

10.23 Note Pledge Agreement, dated as of December 2, 1992, between Comcast Storer, Inc. and The Bank of New York (incorporated by reference to Exhibit 13 to the Company's Current Report on Form 8-K filed on December 17, 1992, as amended by Form 8 filed January 8, 1993).

10.24 Guaranty Agreement, dated as of December 2, 1992, between Storer Communications, Inc. and The Bank of New York (incorporated by reference to Exhibit 14 to the Company's Current Report on Form 8-K filed on December 17, 1992, as amended by Form 8 filed January 8, 1993).

10.25 Guaranty Agreement, dated as of December 2, 1992, between Comcast Storer Finance Sub, Inc. and The Bank of New York (incorporated by reference to Exhibit 15 to the Company's Current Report on Form 8-K filed on December 17, 1992, as amended by Form 8 filed January 8, 1993).

10.26 Amended and Restated Option Agreement, dated September 11, 1995, between Nextel Communications, Inc. and Comcast FCI, Inc. (incorporated by reference to Exhibit M to Amendment No. 15 to the Company's Schedule 13D dated September 13, 1995 filed with respect to Nextel Communications, Inc.).

10.27(a) Share Purchase Agreement, dated June 18, 1994, between Comcast Corporation and Rogers Communications Inc. (incorporated by reference to Exhibit 10(3) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1994).

10.27(b) First Amendment to Share Purchase Agreement, dated as of December 22, 1994, by and between Comcast Corporation and Rogers Communications Inc., to the Share Purchase Agreement dated June 18, 1994 (incorporated by reference to Exhibit 10.9 to the Company's Current Report on Form 8-K filed on January 6, 1995).

10.28(a) Agreement and Plan of Merger, dated August 4, 1994, among Comcast Corporation, Liberty Media Corporation, Comcast QMerger, Inc. and QVC, Inc. (incorporated by reference to Exhibit 99.49 to Amendment No. 21 to the Schedule 13D of the Company relating to common stock of QVC, Inc. filed on August 8, 1994).

10.28(b) First Amendment to Agreement and Plan of Merger, dated as of February 3, 1995 (incorporated by reference to Exhibit (c)(35) to Amendment No. 17 to the Tender Offer Statement on Schedule 14D-1 filed on February 6, 1995 by QVC Programming Holdings, Inc., Comcast Corporation and Tele-Communications, Inc. with respect to the tender offer for all outstanding shares of QVC, Inc.).

10.29 Amended and Restated Stockholders Agreement, dated as of February 9, 1995, among Comcast Corporation, Comcast QVC, Inc., QVC Programming Holdings, Inc., Liberty Media Corporation, QVC Investment, Inc. and Liberty QVC, Inc. (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1995).

10.30(a) Credit Agreement, dated as of February 15, 1995, among QVC, Inc. and the Banks listed therein (incorporated by reference to Exhibit (b)(6) to Amendment No. 21 to the Tender Offer Statement on Schedule 14D-1 filed on February 17, 1995 by QVC Programming Holdings, Inc., Comcast Corporation and Tele-Communications, Inc. with respect to the tender offer for all outstanding shares of QVC, Inc.).

10.30(b)/*/ Amendment, dated as of July 19, 1996, to the Credit Agreement, dated as of February 15, 1995, among QVC, Inc. and the Banks listed therein.

10.31 Credit Agreement, dated as of September 14, 1994, among Comcast Cable Tri-Holdings, Inc., The Bank of New York, The Chase Manhattan Bank (National Association), PNC Bank, National Association, as Managing Agents, and the Bank of New York, as Administrative Agent, and the banks named therein (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K of the Company filed on November 2, 1994).

10.32 Comcast MHCP Holdings, L.L.C. Amended and Restated Limited Liability Company Agreement, dated as of December 18, 1994, among Comcast Cable Communications, Inc., The California Public Employees' Retirement System and, for certain limited purposes, Comcast Corporation (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 6, 1995).

10.33 Credit Agreement, dated as of December 22, 1994, among Comcast MH Holdings, Inc., the banks listed therein, The Chase Manhattan Bank (National Association), NationsBank of Texas, N.A. and the Toronto-Dominion Bank, as Arranging Agents, The Bank of New York, The Bank of Nova Scotia, Canadian Imperial Bank of Commerce and Morgan Guaranty Trust Company of New York, as Managing Agents and NationsBank of Texas, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on January 6, 1995).

10.34 Pledge Agreement, dated as of December 22, 1994, between Comcast MH Holdings, Inc. and NationsBank of Texas, N.A., as the secured party (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on January 6, 1995).

10.35 Pledge Agreement, dated as of December 22, 1994, between Comcast Communications Properties, Inc. and NationsBank of Texas, N.A., as the Secured Party (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on January 6, 1995).

/*/ Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, the Registrant agrees to furnish a copy of the referenced agreement to the Commission upon request.

10.36 Affiliate Subordination Agreement (as the same may be amended, modified, supplemented, waived, extended or restated from time to time, this "Agreement"), dated as of December 22, 1994, among Comcast Corporation", Comcast MH Holdings, Inc., (the "Borrower"), any affiliate of the Borrower that shall have become a party thereto and NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated as of December 22, 1994, among the Borrower, the Banks listed therein, The Chase Manhattan Bank (National Association), NationsBank of Texas, N.A. and The Toronto-Dominion Bank, as Arranging Agents, The Bank of New York, The Bank of Nova Scotia, Canadian Imperial Bank of Commerce and Morgan Guaranty Trust Company of New York, as Managing Agents, and the Administrative Agent (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on January 6, 1995).

10.37 Registration Rights and Price Protection Agreement, dated as of December 22, 1994, by and between Comcast Corporation and The California Public Employees' Retirement System (incorporated by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K filed on January 6, 1995).

10.38 Amended and Restated Agreement of Limited Partnership of MajorCo, L.P., a Delaware Limited Partnership, dated as of January 31, 1996, among Sprint Spectrum, L.P., TCI Network Services, Comcast Telephony Services and Cox Telephony Partnership (incorporated by reference to Exhibit 1 to the Company's Current Report on Form 8-K filed on February 12, 1996).

10.39 Parents Agreement, dated as of January 31, 1996, between Comcast Corporation and Sprint Corporation (incorporated by reference to Exhibit 3 to the Company's Current Report on Form 8-K filed on February 12, 1996).

10.40 Agreement and Plan of Merger by and among The E.W. Scripps Company, Scripps Howard, Inc., and Comcast Corporation dated as of October 28, 1995 (incorporated by reference to Exhibit 2.1 to the Company's Registration Statement on Form S-4 filed, as amended, on November 13, 1996).

10.41 Voting Agreement by and among Comcast Corporation, The E.W. Scripps Company, Sural Corporation and The Edward W. Scripps Trust, dated as of October 28, 1995 (incorporated by reference to Exhibit 2.2 to the Company's Registration Statement on Form S-4 filed, as amended, on November 13, 1996).

10.42/*/ Credit Agreement, dated as of November 15, 1996, among Comcast SCH Holdings, Inc., the banks listed therein, Nationsbank of Texas, N.A., as Documentation Agent, The Chase Manhattan Bank, as Syndication Agent, The Bank of New York, The Chase Manhattan Bank and Nationsbank of Texas, N.A., as Managing Agents, and The Bank of New York, as Administrative Agent.

21 List of Subsidiaries.

23.1 Consents of Arthur Andersen LLP.

23.2 Consent of Arthur Andersen - Birmingham.

23.3 Consent of Arthur Andersen - London.

23.4 Consents of Deloitte & Touche LLP.

/*/ Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, the Registrant agrees to furnish a copy of the referenced agreement to the Commission upon request.

23.5 Consent of Deloitte & Touche - Birmingham.

23.6 Consent of Deloitte & Touche - London.

23.7 Consent of KPMG Peat Marwick LLP.

23.8 Consent of Price Waterhouse LLP.

27.1 Financial Data Schedule.

99.1 Report of Independent Public Accountants to QVC, Inc., as of December 31, 1996 and 1995 and for the year ended December 31, 1996 and for the eleven-month period ended December 31, 1995.

99.2 Report of Independent Public Accountants to Garden State Cablevision L.P., for the year ended December 31, 1994 (incorporated by reference to Exhibit 99.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995).

99.3 Report of Independent Public Accountants to Comcast International Holdings, Inc., for the year ended December 31, 1994 (incorporated by reference to Exhibit 99.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 1994).

99.4 Consolidated financial statements of Sprint Spectrum Holding Company, L.P. and subsidiaries, development stage enterprises, as of and for the years ended December 31, 1996 and 1995, for the period from October 24, 1994 (date of inception) to December 31, 1994 and for the cumulative period from October 24, 1994 (date of inception) to December 31, 1996.

99.5 Consolidated and combined financial statements of Teleport Communications Group, Inc. and its subsidiaries as of December 31, 1996 and 1995 and for the years ended December 31, 1996, 1995 and 1994 (incorporated by reference to Item 8, Financial Statements and Supplementary Data, of the Annual Report on Form 10-K of Teleport Communications Group, Inc. for the year ended December 31, 1996 (File No. 0-20913)).

99.6 Consolidated financial statements of Birmingham Cable Corporation Limited and subsidiaries as of December 31, 1996 and 1995 and for the years ended December 31, 1996, 1995 and 1994 (incorporated by reference to pages 46 through 57 of the Annual Report on Form 10-K of Comcast UK Cable Partners Limited for the year ended December 31, 1996 (File No. 0-24792)).

99.7 Consolidated financial statements of Cable London PLC and subsidiaries as of December 31, 1996 and 1995 and for the years ended December 31, 1996, 1995 and 1994 (incorporated by reference to pages 58 through 69 of the Annual Report on Form 10-K of Comcast UK Cable Partners Limited for the year ended December 31, 1996 (File No. 0-24792)).

(d) Reports on Form 8-K

(i) Comcast Corporation filed a Current Report on Form 8-K under Item 5 on November 4, 1996 relating to its earnings release for the quarter ended September 30, 1996.

(ii) Comcast Corporation filed a Current Report on Form 8-K under Item 2 on November 27, 1996 relating to its purchase of the cable television operations of The E.W. Scripps Company, which included Comcast Corporation's Unaudited Pro Forma Condensed Consolidated Financial Statements as of and for the nine months ended September 30, 1996 and for the year ended December 31, 1995.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized in Philadelphia, Pennsylvania on March 31, 1997.

Comcast Corporation

By: /s/ Brian L. Roberts
Brian L. Roberts
President and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ Ralph J. Roberts Ralph J. Roberts	Chairman of the Board of Directors; Director	March 31, 1997
/s/ Julian A. Brodsky Julian A. Brodsky	Vice Chairman of the Board of Directors; Director	March 31, 1997
/s/ Brian L. Roberts Brian L. Roberts	President; Director (Principal Executive Officer)	March 31, 1997
/s/ Lawrence S. Smith Lawrence S. Smith	Executive Vice President (Principal Accounting Officer)	March 31, 1997
/s/ John R. Alchin John R. Alchin	Senior Vice President, Treasurer (Principal Financial Officer)	March 31, 1997
/s/ Daniel Aaron Daniel Aaron	Director	March 31, 1997
/s/ Gustave G. Amsterdam Gustave G. Amsterdam	Director	March 31, 1997
/s/ Sheldon M. Bonovitz Sheldon M. Bonovitz	Director	March 31, 1997
/s/ Joseph L. Castle II Joseph L. Castle II	Director	March 31, 1997

SIGNATURE	TITLE	DATE
/s/ Bernard C. Watson - --------------------------- Bernard C. Watson	Director	March 31, 1997
/s/ Irving A. Wechsler - --------------------------- Irving A. Wechsler	Director	March 31, 1997
/s/ Anne Wexler - --------------------------- Anne Wexler	Director	March 31, 1997

COMCAST CORPORATION AND SUBSIDIARIES

SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF

REGISTRANT UNCONSOLIDATED (PARENT ONLY)

CONDENSED BALANCE SHEET

(Dollars in millions, except share data)

	December 31,	
ASSETS	1996	1995
Cash and cash equivalents	$9.7	$7.6
Other current assets	5.7	4.2
Total current assets	15.4	11.8
Investments in and amounts due from subsidiaries eliminated upon consolidation	2,635.5	1,113.3
Property and equipment, net	30.9	16.7
Other assets, net	85.8	73.5
	$2,767.6	$1,215.3
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)		
Accrued interest	$49.5	$46.3
Other current liabilities	188.3	148.7
Total current liabilities	237.8	195.0
Long-term debt	1,716.3	1,702.5
Deferred income taxes and other	192.3	93.4
Common equity put options	69.6	52.1
Stockholders' equity (deficiency)		
Preferred stock, no par value - authorized, 20,000,000 shares; issued 5% series A convertible, 6,370 at redemption value	31.9	
Class A special common stock, $1 par value - authorized, 500,000,000 shares; issued, 283,281,675 and 192,844,814	283.3	192.8
Class A common stock, $1 par value - authorized, 200,000,000 shares; issued, 33,959,368 and 37,706,517	34.0	37.7
Class B common stock, $1 par value - authorized, 50,000,000 shares; issued, 8,786,250	8.8	8.8
Additional capital	2,327.4	843.1
Accumulated deficit	(2,127.9)	(1,914.3)
Unrealized gains on marketable securities, including securities held by subsidiaries	0.1	22.2
Cumulative translation adjustments of subsidiaries	(6.0)	(18.0)
Total stockholders' equity (deficiency)	551.6	(827.7)
	$2,767.6	$1,215.3

COMCAST CORPORATION AND SUBSIDIARIES

SCHEDULE I -- CONDENSED FINANCIAL INFORMATION OF

REGISTRANT UNCONSOLIDATED (PARENT ONLY)

CONDENSED STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT

(In millions, except per share data)

	Year Ended December 31, 1996	1995	1994
REVENUES, principally intercompany fees eliminated upon consolidation	$212.0	$192.2	$153.9
GENERAL AND ADMINISTRATIVE EXPENSES	87.7	76.4	78.7
OPERATING INCOME	124.3	115.8	75.2
OTHER (INCOME) EXPENSE			
Interest expense, including intercompany interest, net	263.6	214.6	123.0
Equity in net (income) losses of affiliates and other	(37.1)	(22.3)	46.6
	226.5	192.3	169.6
LOSS BEFORE INCOME TAX BENEFIT AND EXTRAORDINARY ITEMS	(102.2)	(76.5)	(94.4)
INCOME TAX BENEFIT	48.7	33.2	15.4
LOSS BEFORE EXTRAORDINARY ITEMS	(53.5)	(43.3)	(79.0)
EXTRAORDINARY ITEMS		(0.6)	(8.0)
NET LOSS	(53.5)	(43.9)	(87.0)
ACCUMULATED DEFICIT			
Beginning of year	(1,914.3)	(1,827.6)	(1,717.9)
Retirement of common stock	(133.3)	(20.4)	
Cash dividends, $.0933 per share per year	(26.8)	(22.4)	(22.7)
End of year	($2,127.9)	($1,914.3)	($1,827.6)

COMCAST CORPORATION AND SUBSIDIARIES

SCHEDULE I -- CONDENSED FINANCIAL INFORMATION OF

REGISTRANT UNCONSOLIDATED (PARENT ONLY)

CONDENSED STATEMENT OF CASH FLOWS

(In millions)

	Year Ended December 31, 1996	1995	1994
OPERATING ACTIVITIES			
Net loss	($53.5)	($43.9)	($87.0)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	8.9	6.5	4.8
Non-cash interest expense, net	136.2	105.5	37.4
Equity in net (income) losses of affiliates	(36.2)	(17.4)	51.9
Extraordinary items		0.6	8.0
Deferred income taxes and other	57.2	33.2	9.4
	112.6	84.5	24.5
Increase in other current assets	(1.5)	(1.2)	(2.2)
Increase in accrued interest and other current liabilities	42.8	36.7	25.2
Net cash provided by operating activities	153.9	120.0	47.5
FINANCING ACTIVITIES			
Proceeds from borrowings		800.9	
Retirement and repayment of debt		(300.9)	(150.0)
(Repurchases) issuances of common stock, net	(175.9)	(7.1)	2.9
Dividends	(26.8)	(22.4)	(22.7)
Other	43.0	52.5	10.2
Net cash (used in) provided by financing activities	(159.7)	523.0	(159.6)
INVESTING ACTIVITIES			
Net transactions with affiliates	41.7	(619.1)	155.5
Capital expenditures	(20.8)	(11.9)	(4.4)
Other	(13.0)	(15.7)	(32.2)
Net cash provided by (used in) investing activities	7.9	(646.7)	118.9
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2.1	(3.7)	6.8
CASH AND CASH EQUIVALENTS, beginning of year	7.6	11.3	4.5
CASH AND CASH EQUIVALENTS, end of year	$9.7	$7.6	$11.3

COMCAST CORPORATION AND SUBSIDIARIES

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

YEARS ENDED DECEMBER 31, 1996, 1995 AND 1994

(In millions)

	Balance at Beginning of Year	Effect of QVC Acquisition	Additions Charged to Costs and Expenses	Deductions from Reserves(A)	Balance at End of Year
Allowance for Doubtful Accounts					
1996	$81.3	$	$65.1	$49.3	$97.1
1995	11.3	57.8	51.4	39.2	81.3
1994	11.8		21.3	21.8	11.3
Allowance for Obsolete Electronic Retailing Inventories					
1996	$28.5	$	$29.7	$23.5	$34.7
1995		18.4	28.4	18.3	28.5

(A) Uncollectible accounts and obsolete inventory written off.

INDEX TO EXHIBITS

Exhibit Number	Exhibit
10.1/*/	Credit Agreement, dated as of September 14, 1995, between Comcast Cellular Communications, Inc., the banks listed therein, The Bank of New York, Barclays Bank PLC, The Chase Manhattan Bank, N.A., PNC Bank, National Association, and The Toronto-Dominion Bank, as Arranging Agents, and Toronto Dominion (Texas), Inc., as Administrative Agent.
10.2/*/	Credit Agreement, dated as of September 19, 1995, between Comcast Holdings, Inc., the banks listed therein, The Chase Manhattan Bank, N.A., as Arranging Agent, Bank of Montreal, CIBC Inc., The Long-term Credit Bank of Japan, Limited, Royal Bank of Canada and Societe Generale, as Managing Agents, and The Chase Manhattan Bank, N.A., as Administrative Agent.
10.3*	Comcast Corporation 1986 Non-Qualified Stock Option Plan, as amended and restated, effective December 10, 1996.
10.4*	Comcast Corporation 1987 Stock Option Plan, as amended and restated, effective December 10, 1996.
10.5*	Comcast Corporation 1996 Stock Option Plan, as amended and restated, effective December 10, 1996.
10.7*	Comcast Corporation 1990 Restricted Stock Plan, as amended and restated, effective December 18, 1996.
10.9*	Comcast Corporation 1996 Cash Bonus Plan, as amended and restated, effective December 10, 1996.
10.10*	Comcast Corporation 1996 Executive Cash Bonus Plan, dated August 15, 1996.
10.15(b)/*/	Amendment No. 1, dated as of November 30, 1994, to the Credit Agreement dated as of December 2, 1992, among Comcast Storer, Inc., the banks named therein and The Bank of New York, as administrative agent.
10.15(c)/*/	Amendment No. 2, dated as of December 13, 1995, to the Credit Agreement dated as of December 2, 1992, as amended, among Comcast Storer, Inc., the banks named therein and The Bank of New York, as administrative agent.
10.15(d)/*/	Amendment No. 3 and Waiver, dated as of February 29, 1996, to the Credit Agreement dated as of December 2, 1992, as amended, among Comcast Storer, Inc., the banks named therein and The Bank of New York, as administrative agent.
10.30(b)/*/	Amendment, dated as of July 19, 1996, to the Credit Agreement, dated as of February 15, 1995, among QVC, Inc. and the Banks listed therein.
10.42/*/	Credit Agreement, dated as of November 15, 1996, among Comcast SCH Holdings, Inc., the banks listed therein, Nationsbank of Texas, N.A., as Documentation Agent, The Chase Manhattan Bank, as Syndication Agent, The Bank of New York, The Chase Manhattan Bank and Nationsbank of Texas, N.A., as Managing Agents, and The Bank of New York, as Administrative Agent.

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* Constitutes a management contract or compensatory plan or arrangement.

/*/ Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, the Registrant agrees to furnish a copy of the referenced agreement to the Commission upon request.

21	List of Subsidiaries.
23.1	Consents of Arthur Andersen LLP.
23.2	Consent of Arthur Andersen - Birmingham.
23.3	Consent of Arthur Andersen - London.
23.4	Consents of Deloitte & Touche LLP.
23.5	Consent of Deloitte & Touche - Birmingham.
23.6	Consent of Deloitte & Touche - London.
23.7	Consent of KPMG Peat Marwick LLP.
23.8	Consent of Price Waterhouse LLP.
27.1	Financial Data Schedule.
99.1	Report of Independent Public Accountants to QVC, Inc., as of December 31, 1996 and 1995 and for the year ended December 31, 1996 and for the eleven-month period ended December 31, 1995.
99.4	Consolidated financial statements of Sprint Spectrum Holding Company, L.P. and subsidiaries, development stage enterprises, as of and for the years ended December 31, 1996 and 1995, for the period from October 24, 1994 (date of inception) to December 31, 1994 and for the cumulative period from October 24, 1994 (date of inception) to December 31, 1996.

COMCAST CORPORATION

1986 NON-QUALIFIED STOCK OPTION PLAN

(As Amended and Restated, Effective December 10, 1986)

1. Background. On March 26, 1986, the Board of Directors of Comcast Corporation (the "Company") adopted by resolution the 1986 Non-Qualified Stock Option Plan (the "Plan"), which action was approved by the stockholders of the Company on September 17, 1986. Subsequent to adoption of the Plan, the Company's Stock Option committee has granted options (the "Options") to certain employees and directors (the "Participants") of the Company and its Affiliates to acquire the Company's Class A Common Stock, par value $1.00 per share, and the Company's Class B Common Stock, par value $1.00 per share (together, except as otherwise provided in Section 12, the "Common Stock"). For purposes of the Plan, except as otherwise provided in Section 12, the term "Affiliate" shall mean a corporation which is a parent corporation or a subsidiary corporation with respect to the Company within the meaning of Section 424(e) or (f) of the Internal Revenue Code of 1986, as amended (the "Code").

2. Administration. The Plan shall be administered by the Board of Directors of the Company (with respect to issues pertaining to non-employee directors of the Company) or a committee composed of three or more members designated by it (with respect to issues pertaining to employees) (the Board of Directors in its administrative capacity or said committee, if appointed, is referred to hereinafter as the "Committee"). The Committee shall hold meetings at such times and places as it may determine. No member of the Committee shall participate with respect to issues pertaining to him. Acts approved at a meeting by a majority of the members of the Committee or acts approved in writing by the unanimous consent of the members of the Committee, excluding for all purposes members ineligible to participate, shall be the valid acts of the Committee.

The Committee shall from time to time at its discretion direct the Company to grant Options pursuant to the terms of the Plan. The Committee shall have plenary authority to determine the Participants to whom and the times at which Options shall be granted, the number of Option Shares (as defined in Section 4) to be granted and the price and other terms and conditions thereof, subject, however, to the express provisions of the Plan. In making such determinations the Committee may take into account the nature of the Participant's services and responsibilities, his present and potential contribution to the Company's success and such other factors as it may deem relevant. The interpretation and construction by the Committee of any provision of the Plan or of any Option granted under it shall be final, binding and conclusive. The Board or the Committee may amend the Plan from time to time in such manner as it may deem advisable.

No member of the Committee shall be liable, in the absence of bad faith, for any act or omission with respect to his service on the Committee relating to this Plan. Service on the Committee shall constitute service as a director of the Company so that a member of the Committee shall be entitled to indemnification and reimbursement as a director of the Company for any action or any failure to act in connection with service on the Committee to the full extent provided for at any time in the Company's Articles of Incorporation or By-Laws or in any insurance policy or other agreement intended for the benefit of the Company's directors.

3. Eligibility. Directors of the Company and executive employees of the Company or an Affiliate (including any such employee who may also be a director of the Company or an Affiliate) (the "Participants") shall be eligible to receive Options hereunder. The Committee, in its sole discretion, shall determine whether an individual qualifies as a Participant. A Participant may receive more than one Option, but only on the terms and subject to the restrictions of the Plan.

4. Option Shares. The aggregate maximum number of shares of the common Stock for which Options may be issued under the Plan is 2,531,250 shares of Class A Common Stock and 1,012,500 shares of Class B Common Stock, adjusted as provided in Section 8 (the "Option Shares"). Option Shares shall be issued from authorized and unissued Common Stock or Common Stock held in or hereafter acquired for the treasury of the Company. If any outstanding Option granted under the Plan expires, lapses or is terminated for any reason, the Option Shares allocable to the unexercised portion of such Option may again be the subject of an Option granted pursuant to the Plan.

5. Effective Date of Plan. The Plan is effective March 26, 1986, the date on which it was adopted by the Board of Directors of the Company. No Option may be granted under the Plan after June 24, 1987.

6. Terms and Conditions of Options. Options granted pursuant to the Plan shall be evidenced by written documents (the "Option Documents") in such form as the Committee shall from time to time approve, which Option documents shall comply with and be subject to the following terms and conditions and such other terms and conditions which the Committee shall from time to time require which are not inconsistent with the terms of the Plan.

(a) Number of Option Shares. Each Option Document shall state the number and type of Option Shares to which it pertains. No member of the Board of Directors may receive Options under the Plan for more than 30% of the aggregate number of Option Shares reserved for issuance under the Plan (for this purpose, the shares of Class A Common Stock and Class B Common Stock shall be added together as if they were a single class).

(b) Option Price. Each Option Document shall state the price at which Option Shares may be purchased (the "Option Price"), which shall be at least 100% of the fair market value of the Class A or Class B Common Stock, as the case may be, on the date the Option is granted as determined by the Committee.

(c) Medium of Payment. A Participant shall pay for the Option Shares (i) in cash, (ii) by certified check payable to the order of the Company, or (iii) by a combination of the foregoing. In addition, the Committee may provide in an Option Document that payment may be made all or in part in Other Available Shares held by the Participant (unless otherwise provided in an Option Document), for more than six months or such shorter period of time as shall not, in the Committee's sole discretion, have an adverse effect on the Company's financial statements; provided, however, that Option Shares may not be paid for in shares of Common Stock or Class A Special Common Stock if such method of payment would result in liability under Section 16(b) of the Securities Exchange Act of 1934, as amended, to a Participant. Except as otherwise provided by the Committee, if payment is made in whole or in part in shares of the Common Stock or Class A Special Common Stock of the Company, then the Participant shall deliver to the Company certificates registered in the name of such Participant representing shares of Common Stock or Class A Special Common Stock legally and beneficially owned by such Participant, free of all liens, claims and encumbrances of every kind and having a fair market value on the date of delivery of such notice that is not greater than the Option Price of the Option Shares with respect to which such Option is to be exercised, accompanied by stock powers duly endorsed in blank by the record holder of the shares represented by such certificates. Notwithstanding the foregoing, the Committee, in its sole discretion, may refuse to accept shares of Common Stock or Class A Special Common Stock in payment of the Option Price. In that event, any certificates representing shares of Common Stock or Class A Special Common Stock which were delivered to the Company shall be returned to the Participant with notice of the refusal of the Committee to accept such shares in payment of the Option Price. The Committee may impose such limitations and prohibitions on the use of shares of the Common Stock or Class A Special Common Stock to exercise an Option as it deems appropriate.

(d) Termination of Options. No Option shall be exercisable after the first to occur of the following:

(i) Expiration of the Option Term specified in the Option Document, which shall not exceed ten (10) years and one day from the date of grant;

(ii) Expiration of three months from the date the Participant's employment with the Company or its Affiliates terminates for any reason other than disability (within the meaning of Section 22(e)(3) of the Code) or death, provided, however, that the Committee may specify in an Option Document that an Option may be exercisable during a longer period following the date the Participant's employment with the Company or its Affiliates so terminates, but in no event later than the expiration of the Option Term specified in such Option Document; or

(iii) Expiration of one year from the date the Participant's employment with the Company and its Affiliates terminates by reason of the Participant's disability (within the meaning of Section 22(e)(3) of the Code) or death.

(e) Transfers. No Option granted under the Plan may be transferred except by will or by the laws of descent and distribution. During the lifetime of the Participant to whom an Option is granted, such Option may be exercised only by him.

(f) Other Provisions. The Option Documents shall contain such other provisions, including, without limitation, additional restrictions upon or conditions precedent to the exercise of the Option or additional limitations upon the term of the Option, as the Committee shall deem advisable. The Committee shall have the right, subject to the consent of the Participant, to amend Option Documents which have been issued to such Participant.

7. Exercise. No Option shall be deemed to have been exercised prior to the receipt by the Company of written notice of such exercise and of payment in full of the Option Price of the Option Shares to be purchased. Each such notice shall specify the number of Option Shares to be purchased and shall (unless the Option Shares are covered by a then current registration statement or a Notification under Regulation A under the Securities Act of 1933 (the "Act")), contain the Participant's acknowledgment in form and substance satisfactory to the Company that (a) such Option Shares are being purchased for investment and not for distribution or resale (other than a distribution or resale which, in the opinion of counsel satisfactory to the Company, may be made without violating the registration provisions of the Act) and (b) the Participant has been advised and understands that (i) the Option Shares have not been registered under the Act and are "restricted securities" within the meaning of Rule 144 under the Act and are subject to restrictions on transfer and (ii) the Company is under no obligation to register the Option Shares under the Act or to take any action which would make available to the Participant any exemption from such registration.

8. Adjustments on Changes in Common Stock. The aggregate number of shares of Common Stock as to which Options may be granted hereunder, the number of Option Shares covered by each outstanding Option and the Option Price per Option Share shall be appropriately adjusted in the event of a stock dividend, stock split or other increase or decrease in the number of issued shares of Common Stock resulting from a subdivision or consolidation of the Common Stock or other capital adjustment (not including the issuance of Common Stock on the conversion of other securities of the Company which are convertible into Common Stock) effected without receipt of consideration by the Company. The Committee shall have authority to determine the adjustments to be made under this Section and any such determination by the Committee shall be final, binding and conclusive.

9. Continued Employment. The grant of an Option pursuant to the Plan shall not constitute evidence of any agreement, express or implied, on the part of the Company or any Affiliates to continue to employ a Participant.

10. Withholding of Taxes.

(a) Whenever the Company proposes or is required to deliver or transfer Option Shares in connection with the exercise of an Option, the Company shall have the right to (i) require the recipient to remit to the Company an amount sufficient to satisfy any federal, state and/or local withholding tax requirements prior to the delivery or transfer of any certificate or certificates for such Option Shares or (ii) take any action whatever that it deems necessary to protect its interests with respect to tax liabilities. The Company's obligation to make any delivery or transfer of Option Shares shall be conditioned on the recipient's compliance, to the Company's satisfaction, with any withholding requirement.

(b) Except as otherwise provided in this Section 10(b), any tax liabilities incurred in connection with the exercise of an Option under the Plan shall be satisfied by the Company's withholding a portion of the Option Shares underlying the Option exercised having a fair market value approximately equal to the minimum amount of taxes required to be withheld by the Company under applicable law, unless otherwise determined by the Committee with respect to any participant. Notwithstanding the foregoing, the Committee may permit a Participant to elect one or both of the following: (i) to have taxes withheld in excess of the minimum amount required to be withheld by the Company under applicable law; provided that the Participant certifies in writing to the Company that the Participant owns a number of Other Available Shares that is at least equal to the number to be withheld by the Company for the then-current exercise on account of withheld taxes in excess of such minimum amount, and (ii) to pay to the Company in cash all or a portion of the taxes to be withheld upon the exercise of an Option. In all cases, the Option Shares so withheld by the Company shall have a fair market value that does not exceed the amount of taxes to be withheld minus the cash payment, if any, made by the Participant. The fair market value of such shares shall be determined based on the last reported sale price of a share of Common Stock on the principal exchange on which the Common Stock is listed or, if not so listed, on the Nasdaq Stock Market on the last trading day prior to the date on which the Option is exercised. Any election pursuant to this Section 10(b) must be in writing made prior to the date specified by the Committee, and in any event prior to the date the amount of tax to be withheld or paid is determined. In addition, with respect to persons subject to reporting requirements under Section 16(a) of the 1934 Act, such election must be made at least six months prior to the date the amount of tax to be withheld or paid is determined (which election will remain in effect with regard to the exercise of an Option and all future exercises of Options unless revoked upon six months prior notice). An election pursuant to this Section 10(b) may be made only by a Participant or, in the event of the Participant's death, by the Participant's legal representative. No shares withheld pursuant to this Section 10(b) shall be available for subsequent grants under the Plan. The Committee may add such other requirements and limitations regarding elections pursuant to this Section 10(b) as it deems appropriate.

11. Terminating Events.

(a) The Sponsor shall give Participants at least thirty (30) days' notice (or, if not practicable, such shorter notice as may be reasonably practicable) prior to the anticipated date of the consummation of a Terminating Event. Upon receipt of such notice, and for a period of ten (10) days thereafter (or such shorter period as the Board shall reasonably determine and so notify the Participants), each Participant shall be permitted to exercise the Option to the extent the Option are then exercisable; provided that, the Sponsor may, by similar notice, require the Participant to exercise the Option, to the extent the Option is then exercisable, or to forfeit the Option (or portion thereof, as applicable). The Committee may, in its discretion, provide that upon the Participant's receipt of the notice of a Terminating Event under this Section 11(a), the entire number of Shares covered by Options shall become immediately exercisable. Upon the close of the period described in this Section 11(a) during which an Option may be exercised in connection with a Terminating Event, such Option (including such portion thereof that is not exercisable) shall terminate to the extent that such Option have not theretofore been exercised.

(b) Notwithstanding Section 11(a), in the event the Terminating Event is not consummated, the Option shall be deemed not to have been exercised and shall be exercisable thereafter to the extent it would have been exercisable if no such notice had been given.

12. Additional Definitions.

(a) "Affiliate." For purposes of this Section 12, "Affiliate" means, with respect to any Person, any other Person that, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, the term "control," including its correlative terms "controlled by" and "under common control with," mean, with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

(b) "Board" means the board of directors of the Sponsor.

(c) "Change of Control" means any transaction or series of transactions as a result of which any Person who was a Third Party immediately before such transaction or series of transactions owns then-outstanding securities of the Sponsor having more than 50 percent of the voting power for the election of directors of the Sponsor.

(d) "Comcast Plan" means any restricted stock, stock bonus, stock option or other compensation plan, program or arrangement established or maintained by the Company or an Affiliate, including but not limited to this Plan, the Comcast Corporation 1996

Stock Option Plan, the Comcast Corporation 1987 Stock Option Plan and the 1990 Restricted Stock Plan.

(e) "Common Stock." For purposes of the definition of the term "Other Available Shares" in Section 12(f), "Common Stock" means:

(i) the Sponsor's Class A Common Stock, par value, $1.00 per share;

(ii) the Sponsor's Class B Common Stock, par value, $1.00 per share; and

(iii) the Sponsor's Class A Special Common Stock, par value, $1.00 per share

(f) "Other Available Shares" means, as of any date, the excess, if any of:

(i) the total number of shares of Common Stock owned by a Participant; over

(ii) the sum of:

(x) the number of shares of Common Stock owned by such Participant for less than six months; plus

(y) the number of shares of Common Stock owned by such Participant that has, within the preceding six months, been the subject of a withholding certification pursuant to Section 12(b) or any similar withholding certification under any other Comcast Plan; plus

(z) the number of shares of Common Stock owned by such Participant that has, within the preceding six months, been received in exchange for Shares surrendered as payment, in full or in part, of the exercise price for an option to purchase any securities of the Sponsor or an Affiliate under any Comcast Plan, but only to the extent of the number of Shares surrendered.

For purposes of Section 6(c), the number of Other Available Shares shall be determined separately for the Company's Class A Special Common Stock, par value, $1.00 per share, the Company's Class A Common Stock, par value, $1.00 per share, and the Company's Class B Special Common Stock, par value, $1.00 per share.

(g) "Person" means an individual, a corporation, a partnership, an association, a trust or any other entity or organization.

(h) "Roberts Family." Each of the following is a member of the Roberts Family:

(i) Ralph J. Roberts;

(ii) a lineal descendant of Ralph J. Roberts; or

(iii) a trust established for the benefit of any of Ralph J. Roberts and/or a lineal descendant or descendants of Ralph J. Roberts.

(i) "Sponsor" means Comcast Corporation, a Pennsylvania corporation, including any successor thereto by merger, consolidation, acquisition of all or substantially all the assets thereof, or otherwise.

(j) "Terminating Event" means any of the following events:

(i) the liquidation of the Sponsor; or

(ii) a Change of Control.

(k) "Third Party" means any Person other than a Company, together with such Person's Affiliates, provided that the term "Third Party" shall not include the Sponsor, an Affiliate of the Sponsor or any member or members of the Roberts Family.

Executed as of the 10th day of December, 1996

COMCAST CORPORATION

BY: /s/ Stanley Wang

ATTEST: /s/ Arthur R. Block

COMCAST CORPORATION

1987 STOCK OPTION PLAN

(As Amended and Restated, Effective December 10, 1996)

1. Purpose. COMCAST CORPORATION, a Pennsylvania corporation (the "Company"), adopts the Comcast Corporation 1987 Stock Option Plan effective January 5, 1987 (the "Plan"). The Plan is intended as an additional incentive to employees and non-employee members of the Board of Directors (together the "Optionees") to enter into or remain in the employ of the Company or any Affiliate (as defined below) or to serve on the Board of Directors of the Company or any Affiliate and to devote themselves to the Company's success by providing them with an opportunity to acquire or increase their proprietary interest in the Company through receipt of rights (the "Options") to acquire the Company's Class A Special Common Stock, par value, $1.00 per share (except as otherwise provided in Section 12, the "Common Stock"). Each Option granted under the Plan to an employee of the Company or an Affiliate is intended to be an incentive stock option ("ISO") within the meaning of Section 422(b) of the Internal Revenue Code of 1986, as amended (the "Code") for federal income tax purposes, except to the extent any such ISO grant would exceed the limitation of subsection 6(a) and except for any Option specifically designated at the time of grant as not being an ISO. No Option granted to a person who is not an employee of the Company or any Affiliate on the date of grant shall be an ISO. For purposes of the Plan, except as otherwise provided in Section 14, the term "Affiliate" shall mean a corporation which is a parent corporation or a subsidiary corporation with respect to the Company within the meaning of Section 424(e) or (f) of the Code.

2. Administration. The Plan shall be administered by the Subcommittee on Performance Based Compensation of the Compensation Committee or any other committee or subcommittee designated by the Board of Directors of the Company, provided it is composed of two or more non-employee members of the Board of Directors each of whom is an "outside director" within the meaning of Section 162(m)(4)(C) of the Code and applicable Treasury Regulations thereunder (the "Committee"). Notwithstanding the foregoing, in the case non-employee directors who are granted Options in accordance with the provisions of Section 8, the directors to whom such Options will be granted, the timing of grants of such Options, the Option Price (as such term is defined in subsection 6(b)) of such Options and the number of Option Shares (as such term is defined in Section 4) included in such Options shall be as specifically set forth in Section 8.

(a) Meetings. The Committee shall hold meetings at such times and places as it may determine. Acts approved at a meeting by a majority of the members of the Committee or acts approved in writing by the unanimous consent of the members of the Committee shall be the valid acts of the Committee.

(b) Grants. Except with respect to options granted to non-employee directors pursuant to Section 8, the Committee shall from time to time at its discretion direct the Company to grant Options pursuant to the terms of the Plan. The Committee shall have plenary authority to determine the Optionees to whom and the times at which Options shall be granted, the number of Option Shares (as defined in Section 4) to be granted and the price and other terms and conditions thereof, including a specification with respect to whether an Option is intended to be an ISO, subject, however, to the express provisions of the Plan. In making such determinations the Committee may take into account the nature of the Optionee's services and responsibilities, the Optionee's present and potential contribution to the Company's success and such other factors as it may deem relevant. Notwithstanding the foregoing, grants of Options to non-employee directors shall be made in accordance with Section 8. The interpretation and construction by the Committee of any provision of the Plan or of any Option granted under it shall be final, binding and conclusive.

(c) Exculpation. No member of the Board of Directors or of the Committee shall be personally liable for monetary damages as such for any action taken or any failure to take any action in connection with the administration of the Plan or the granting of Options under it unless (i) the director or member of the Committee has breached or failed to perform the duties of his office and (ii) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness; provided, however, that the provisions of this subsection 2(c) shall not apply to the responsibility or liability of a director or a member of the Committee pursuant to any criminal statute.

(d) Indemnification. Each member of the Board of Directors or of the Committee shall be entitled without further act on his part to indemnity from the Company to the fullest extent provided by applicable law and the Company's by-laws in connection with or arising out of any action, suit or proceeding with respect to the administration of the Plan or the granting of Options under it in which he may be involved by reason of his being or having been a member of the Board of Directors or the Committee, whether or not he continues to be such member of the Board or the Committee at the time of the action, suit or proceeding.

3. Eligibility. All employees of the Company or its Affiliates (who may also be directors of the Company or its Affiliates) shall be eligible to receive ISOs hereunder. All Optionees shall be eligible to receive Options hereunder. The Committee, in its sole discretion, shall determine whether an individual qualifies as an employee or as an Optionee. An Optionee may receive more than one Option, but only on the terms and subject to the restrictions of the Plan, provided, however, that non-employee directors may receive Options only pursuant to Section 8.

4. Option Shares. The aggregate maximum number of shares of the Common Stock for which Options may be issued under the Plan is 19,500,000 shares, adjusted as provided in Section 9 (the "Option Shares"). Option Shares shall be issued from authorized and unissued

Common Stock or Common Stock held in or hereafter acquired for the treasury of the Company. If any outstanding Option granted under the Plan expires, lapses or is terminated for any reason, the Option Shares allocable to the unexercised portion of such Option may again by the subject of an Option granted pursuant to the Plan. The maximum number of shares of the Common Stock for which Options may be issued to any single employee of the Company or its Affiliates in any calendar year, adjusted as provided in Section 9, shall be, in 1994, 2,300,000 shares, and thereafter 500,000 shares.

5. Term of Plan. The Plan is effective as of January 5, 1987. No Option may be granted under the Plan after January 4, 1997.

6. Terms and Conditions of Options. Options granted pursuant to the Plan shall be evidenced by written documents (the "Option Documents") in such form as the Committee shall from time to time approve, which Option Documents shall comply with and be subject to the following terms and conditions and such other terms and conditions which the Committee shall from time to time require which are not inconsistent with the terms of the Plan. However, the provisions of this Section 6 shall not be applicable to Options granted to non-employee directors, except as otherwise provided in subsection 8(c).

(a) Number of Option Shares. Each Option Document shall state the number of Option Shares to which it pertains. Notwithstanding that any such Option is intended to be an ISO, such option shall not be an ISO to the extent that it would not be so treated under the rules contained in Section 422(d) of the Code, and the Regulations thereunder (dealing with the annual vesting limit).

(b) Option Price. Each Option Document shall state the price at which Option Shares may be purchased (the "Option Price"), which shall be at least 100% of the fair market value of the Common Stock at the time the Option is granted as determined by the Committee; provided, however, that if an ISO is granted to an Optionee who then owns, directly or by attribution under Section 424(d) of the Code, shares possessing more than ten percent of the total combined voting power of all classes of stock of the Company or an Affiliate, then the Option Price shall be at least 110% of the fair market value of the Option Shares at the time the Option is granted.

(c) Medium of Payment. An Optionee shall pay for Option Shares (i) in cash, (ii) by certified check payable to the order of the company, or (iii) by a combination of the foregoing. In addition, the Committee may provide in an Option Document that payment may be made all or in part in Other Available Shares held by the Optionee (a) in the case of payment for ISOs outstanding as of March 28, 1990, for more than one year, or (b) in the case of payment for all other Options (unless otherwise provided in an Option Document), for more than six months or such shorter period of time as shall not, in the Committee's sole discretion, have an adverse effect on the Company's financial statements; provided, however, that Option Shares may not be paid for in shares of Class A Common Stock if such method of payment would result in liability under Section 16(b) of the Securities Exchange Act of 1934 to an Optionee. Except as otherwise provided by the Committee, if payment is made in whole or in part in shares of the Common Stock or Class A Common Stock of the Company, then the Optionee shall deliver to the Company certificates registered in the name of such Optionee representing shares of Common Stock or Class A Common Stock legally and beneficially owned by such Optionee, free of all liens, claims and encumbrances of every kind and having a fair market value on the date of delivery that is not greater than the Option Price of the Option Shares with respect to which such Option is to be exercised, accompanied by stock powers duly endorsed in blank by the record holder of the shares represented by such certificates. Notwithstanding the foregoing, the Committee, in its sole discretion, may refuse to accept shares of Common Stock or Class A Common Stock in payment of the Option Price. In that event, any certificates representing shares of Common Stock or Class A Common Stock which were delivered to the Company shall be returned to the Optionee with notice of the refusal of the Committee to accept such shares in payment of the Option Price. The Committee may impose such limitations and prohibitions on the use of shares of the Common Stock or Class A Common Stock to exercise an Option as it deems appropriate.

(d) Termination of Options. No Option shall be exercisable after the first to occur of the following:

(i) Expiration of the Option term specified in the Option Document, which for an ISO, shall not exceed (A) ten years from the date of grant, or (B) five years from the date of grant if the Optionee on the date of grant owns, directly or by attribution under Section 424(d) of the Code, shares possessing more than ten percent of the total combined voting power of all classes of stock of the Company or of an Affiliate, and which for any other Option shall not exceed ten years and six months from the date of grant;

(ii) Expiration of three months from the date the Optionee's employment with the Company or its Affiliates terminates for any reason other than disability (within the meaning of Section 22(e)(3) of the Code) ("Disability"), death or as specified in subsection 6(d)(iv) or (v) below, provided, however, that the Committee may specify in an Option Document that an Option may be exercisable during a longer period following the date the Optionee's employment with the Company or its Affiliates so terminates, but in no event later than the expiration of the Option Term specified in such Option Document;

(iii) Expiration of one year from the date the Optionee's employment with the Company or its Affiliates terminates by reason of the Optionee's Disability or death;

(iv) The date set by the Committee pursuant to Section 13 in connection with a Terminating Event; or

(v) A finding by the Committee, after full consideration of the facts presented on behalf of both the Company and the Optionee, that the Optionee has breached his employment contract with the Company or an Affiliate, or has been engaged in any sort of disloyalty to the Company or an Affiliate, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty in the course of his employment or has disclosed trade secrets of the Company or an Affiliate. In such event, in addition to immediate termination of the Option, the Optionee, upon a determination by the Committee shall automatically forfeit all Option Shares for which the Company has not yet delivered the share certificates upon refund by the Company of the Option Price.

(e) Transfers. This subsection 6(e) shall not apply to Options described in Section 6.1.

(i) In General. Except as provided in subsection 6(e)(ii), no Option granted under the Plan may be transferred, except by will or by the laws of descent and distribution. During the lifetime of the person to whom an Option is granted, such Option may be exercised only by him.

(ii) Transferable Options. The Committee may, in its discretion, at the time of grant of an Option that is not an ISO (an "NQO") or by amendment of an Option Document for an ISO or an NQO, provide that Options granted to or held by an Optionee may be transferred, in whole or in part, to one or more transferees and exercised by any such transferee; provided further that (A) any such transfer is without consideration and (B) each transferee is a member of such Optionee's Immediate Family (as hereinafter defined); and provided further that any ISO granted pursuant to an Option Document which is amended to permit transfers during the lifetime of the Optionee shall, upon the effectiveness of such amendment, be treated thereafter as an NQO. No transfer of an Option shall be effective unless the Committee is notified of the terms and conditions of the transfer and the Committee determines that the transfer complies with the requirements for transfers of Options under the Plan and the Option Document. Any person to whom an Option has been transferred may exercise any Options only in accordance with the provisions of subsections 6(c), 6(d), 6(f) and this subsection 6(e). For purposes of this subsection 6(e), the term "Immediate Family" shall mean an Optionee's spouse and lineal descendants, any trust all beneficiaries of which are any of such persons and any partnership all partners of which are any of such persons.

(f) Other Provisions. The Option Documents shall contain such other provisions including, without limitation, additional restrictions upon the exercise of the Option or additional limitations upon the term of the Option, as the Committee shall deem advisable.

(g) Amendment. The Committee shall have the right to amend Option Documents issued to an Optionee subject to his consent, except that the consent of the Optionee shall not be required for any amendment made under subsection 6(d)(iv).

(h) Exercisability. To the extent that the grant of an Option would be subject to Section 16(b) of the Securities Exchange Act of 1934 unless the requirements for exemption therefrom in Rule 16b-3(c)(1), under such Act, or any successor provision, are met, the Option Documents shall provide that such Option is not exercisable until not less than six months have elapsed from the date of grant.

6.1 Certain Options Awarded to Ralph J. Roberts. With respect to those Options awarded to Ralph J. Roberts on January 8, 1992 (options to purchase 249,441 shares of Class A Special Common Stock at $16.25 per share), and January 6, 1993 (options to purchase 249,545 shares of Class A Special Common Stock at $18.125 per share), and notwithstanding subsection 6(e) of this Plan, the Committee may, in its discretion, amend such Options to provide that such Options may be transferred by Mr. Roberts, in whole or in part, to one or more transferees and exercised by any such transferee, provided that (i) any such transfer is without consideration, and (ii) each transferee is a member of Mr. Roberts' Immediate Family. "Immediate Family" shall mean Mr. Roberts' spouse, children, grandchildren, any trust all beneficiaries of which are such persons, and any partnership all partners of which are such persons. In the event the Committee so amends such Options, the Committee shall include in such amended Options such further provisions as it determines are necessary or appropriate at the time of such amendment to permit the Company to deduct compensation expenses recognized upon exercise of such options for federal or state income tax purposes.

7. Exercise. No Option shall be deemed to have been exercised prior to the receipt by the Company of written notice of such exercise and of payment in full of the Option Price for the Option Shares to be purchased. Each such notice shall specify the number of Option Shares to be purchased and shall (unless the Option Shares are covered by a then current registration statement or a Notification under Regulation A under the Securities Act of 1933 (the "Act")), contain the Optionee's acknowledgment in form and substance satisfactory to the Company that (2) such Option Shares are being purchased for investment and not for distribution or resale (other than a distribution or resale which, in the opinion of counsel satisfactory to the Company, may be made without violating the registration provisions of the Act), (b) the Optionee has been advised and understands that (i) the Option Shares have not be registered under the Act and are "restricted securities" within the meaning of Rule 144 under the Act and are subject to restrictions on transfer and (ii) the Company is under no obligation to register the Option Shares under the Act or to take any action which would make available to the Optionee any exemption from such registration, and (c) such Option Shares may not be transferred without compliance with all applicable federal and state securities laws. Notwithstanding the above, should the Company be advised by counsel that issuance of shares should be delayed pending (A) registration under federal or state securities laws or (B) the receipt of an opinion that an appropriate exemption therefrom is available, the Company may defer exercise of any Option granted hereunder until either such event in (A) or (B) has occurred.

8. Special Provisions Relating to Grants of Options to Non-employee Directors. Options granted pursuant to the Plan to non-employee directors shall be granted, without any further action by the Committee, in accordance with the terms and conditions set forth in this Section 8. Options granted pursuant to this Section 8 shall be evidenced by Option Documents in such form as the Committee shall from time to time approve, which Option Documents shall comply with and be subject to the following terms and conditions and such other terms and conditions as the Committee shall from time to time require which are not inconsistent with the terms of the Plan.

(a) Timing of Grants; Number of Shares Subject of Options; Exercisability of Options; Option Price. Each non-employee director shall be granted, commencing on February 1, 1995 and on each successive February 1 (the "Grant Date") thereafter, an Option to purchase five thousand four hundred (5,400) shares of Common Stock. Notwithstanding anything herein to the contrary, each newly elected non-employee director who is first elected to the Board of Directors after February 1, 1994 shall (i) be granted an Option to purchase nine thousand (9,000) shares of Common Stock on the date on which such non-employee director is elected to the Board of Directors (the "Election Date") and (ii) not be entitled to the grant of an Option hereunder on the Grant Date immediately following the non-employee director's Election Date if such Election Date is within ninety (90) days of the Grant Date. No such Option shall be an ISO, and each such Option shall first become exercisable six months after the date of grant and shall then be exercisable in its entirety. The Option Price shall be equal to 100% of the fair market value of the Common Stock on the date the Option is granted.

(b) Termination of Options Granted Pursuant to Section 8.

(i) All options granted pursuant to this Section 8 shall be exercisable until the first to occur of the following:

(A) Expiration of five (5) years from the date of grant;

(B) Expiration of ninety (90) days from the date the Optionee's service as a non-employee director terminates for any reason other than Disability or death or as otherwise specified in subsection 8(b)(i)(D) below;

(C) Expiration of one (1) year from the date the Optionee's service with Company as a non-employee director terminates due to the Optionee's Disability or death; or

(D) The date the Optionee's directorship is terminated, if the directorship is terminated on account of (1) any act of fraud, intentional misrepresentation, embezzlement or theft, (2) commission of a felony or (3) disclosure of trade secrets of the Company or an Affiliate. In such event, in addition to the immediate termination of the Option, the Optionee shall automatically forfeit all Option Shares for which the Company has not yet delivered the share certificates upon refund by the Company of the Option Price.

(c) Applicability of Certain Provisions of Section 6 to Options Granted Pursuant to Section 8. The following provisions of Section 6 shall be applicable to Options granted pursuant to this Section 8: Subsection 6(a) (provided that no Option granted pursuant to this Section 8 shall be an ISO); subsection 6(c) (provided that Option Documents relating to options granted pursuant to this Section 8 shall provide that payment may be made in whole or part in shares of Common Stock or Class A Common Stock held by the Optionee for more than six months, subject to the limitation on payment in shares of Class A Common Stock set forth in subsection 6(c) if such method of payment would result in liability under Section 16(b) of the Securities Exchange Act of 1934); subsection 6(e); subsection 6(g); and subsection 6(h).

9. Adjustments on Changes in Capitalization. The aggregate number of shares and class of shares as to which Options may be granted hereunder, the number of shares covered by each outstanding Option, and the Option Price thereof shall be appropriately adjusted in the event of a stock dividend, stock split, recapitalization or other change in the number or class of issued and outstanding equity securities of the Company resulting from a subdivision or consolidation of the Common Stock and/or other outstanding equity security or a recapitalization or other capital adjustment (not including the issuance of Common Stock on the conversion of other securities of the Company which are convertible into Common Stock) affecting the Common Stock which is effected without receipt of consideration by the Company. The Committee shall have authority to determine the adjustments to be made under this Section and any such determination by the Committee shall be final, binding and conclusive; provided, however, that no adjustment shall be made which will cause an ISO to lose its status as such without the consent of the Optionee and no adjustment shall be made to the number of shares set forth in subsection 8(a). However, an Option granted pursuant to subsection 8(a). However, an Option granted pursuant to subsection 8(a) shall be subject to adjustment in accordance with the provisions of this Section 9 after the date of grant.

10. Amendment of the Plan. The Board or the Committee may amend the Plan from time to time in such manner as it may deem advisable. Nevertheless, neither the Board nor the Committee may, without within twelve months before or after such action obtaining approval by such vote of shareholders as may be required by Pennsylvania law for any action requiring shareholder approval, or by a majority of votes cast at a duly held shareholders' meeting at which a majority of all voting stock is present and voting on such amendment, either in person or in proxy (but not, in any event, less than the vote required pursuant to Rule 16b-3(b) under the Securities Exchange Act of 1934), change the class of individuals eligible to receive an ISO, extend the expiration date of the Plan, decrease the minimum Option Price of an ISO granted under the Plan or increase the maximum number of shares as to which Options may be granted,

except as provided in Section 9 hereof. In addition, the provisions of Section 8 that determine (i) which directors shall be granted Options pursuant to Section 8; (ii) the number of Option Shares subject to Options granted pursuant to Section 8; (iii) the Option Price of Option Shares subject to Options granted pursuant to Section 8; and (iv) the timing of grants of Options pursuant to Section 8 shall not be amended more than once every six months, other than to comport with changes in the Code or the Employee Retirement Income Security Act of 1974, as amended, if applicable.

11. Continued Employment. The grant of an Option pursuant to the Plan shall not be construed to imply or to constitute evidence of any agreement, express or implied, on the part of the Company or any Affiliate to retain the Optionee in the employ of the Company or an Affiliate or as a member of the Company's Board of Directors or in any other capacity.

12. Withholding of Taxes.

(a) Whenever the Company proposes or is required to deliver or transfer Option Shares in connection with the exercise of an Option, the Company shall have the right to (i) require the recipient to remit to the Company an amount sufficient to satisfy any federal, state and/or local withholding tax requirements prior to the delivery or transfer of any certificate or certificates for such Option Shares or (ii) take any action whatever that it deems necessary to protect its interests with respect to tax liabilities. The Company's obligation to make any delivery or transfer of Option Shares shall be conditioned on the recipient's compliance, to the Company's satisfaction, with any withholding requirement.

(b) Except as otherwise provided in this Section 12(b), any tax liabilities incurred in connection with the exercise of an Option under the Plan other than an ISO shall be satisfied by the Company's withholding a portion of the Option Shares underlying the Option exercised having a fair market value approximately equal to the minimum amount of taxes required to be withheld by the Company under applicable law, unless otherwise determined by the Committee with respect to any participant. Notwithstanding the foregoing, the Committee may permit an Optionee to elect one or both of the following: (i) to have taxes withheld in excess of the minimum amount required to be withheld by the Company under applicable law; provided that the Optionee certifies in writing to the Company that the Optionee owns a number of Other Available Shares that is at least equal to the number to be withheld by the Company for the then-current exercise on account of withheld taxes in excess of such minimum amount, and (ii) to pay to the Company in cash all or a portion of the taxes to be withheld upon the exercise of an Option. In all cases, the Option Shares so withheld by the Company shall have a fair market value that does not exceed the amount of taxes to be withheld minus the cash payment, if any, made by the Optionee. The fair market value of such shares shall be determined based on the last reported sale price of a share of Common Stock on the principal exchange on which the Common Stock is listed or, if not so listed, on the Nasdaq Stock Market on the last trading day prior to the date on which the Option is exercised. Any election pursuant to this Section 12(b) must be in writing made prior to the date specified by the Committee, and in any event prior to the date the amount of tax to be withheld or paid is determined. In addition, with respect to persons subject to reporting requirements under Section 16(a) of the 1934 Act, such election must be made at least six months prior to the date the amount of tax to be withheld or paid is determined (which election will remain in effect with regard to the exercise of an Option and all future exercises of Options unless revoked upon six months prior notice). An election pursuant to this Section may be made only by an Optionee or, in the event of the Optionee's death, by the Optionee's legal representative. No shares withheld pursuant to this Section 12(b) shall be available for subsequent grants under the Plan. The Committee may add such other requirements and limitations regarding elections pursuant to this Section 12(b) as it deems appropriate.

13. Terminating Events.

(a) The Sponsor shall give Optionees at least thirty (30) days' notice (or, if not practicable, such shorter notice as may be reasonably practicable) prior to the anticipated date of the consummation of a Terminating Event. Upon receipt of such notice, and for a period of ten (10) days thereafter (or such shorter period as the Board shall reasonably determine and so notify the Optionees), each Optionee shall be permitted to exercise the Option to the extent the Option are then exercisable; provided that, the Sponsor may, by similar notice, require the Optionee to exercise the Option, to the extent the Option is then exercisable, or to forfeit the Option (or portion thereof, as applicable). The Committee may, in its discretion, provide that upon the Optionee's receipt of the notice of a Terminating Event under this Section 13(a), the entire number of Shares covered by Options shall become immediately exercisable. Upon the close of the period described in this Section 13(a) during which an Option may be exercised in connection with a Terminating Event, such Option (including such portion thereof that is not exercisable) shall terminate to the extent that such Option have not theretofore been exercised.

(b) Notwithstanding Section 13(a), in the event the Terminating Event is not consummated, the Option shall be deemed not to have been exercised and shall be exercisable thereafter to the extent it would have been exercisable if no such notice had been given.

14. Additional Definitions.

(a) "Affiliate." For purposes of this Section 14, "Affiliate" means, with respect to any Person, any other Person that, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, the term "control," including its correlative terms "controlled by" and "under common control with," mean, with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

(b) "Board" means the board of directors of the Sponsor.

(c) "Change of Control" means any transaction or series of transactions as a result of which any Person who was a Third Party immediately before such transaction or series of transactions owns then-outstanding securities of the Sponsor having more than 50 percent of the voting power for the election of directors of the Sponsor.

(d) "Comcast Plan" means any restricted stock, stock bonus, stock option or other compensation plan, program or arrangement established or maintained by the Company or an Affiliate, including but not limited to this Plan, the Comcast Corporation 1996 Stock Option Plan and the 1990 Restricted Stock Plan.

(e) "Common Stock." For purposes of the definition of the term "Other Available Shares" in Section 12(f), "Common Stock" means:

(i) the Sponsor's Class A Common Stock, par value, $1.00 per share; and

(ii) the Sponsor's Class A Special Common Stock, par value, $1.00 per share

(f) "Other Available Shares" means, as of any date, the excess, if any of:

(i) the total number of shares of Common Stock owned by an Optionee; over

(ii) the sum of:

(x) the number of shares of Common Stock owned by such Optionee for less than six months; plus

(y) the number of shares of Common Stock owned by such Optionee that has, within the preceding six months, been the subject of a withholding certification pursuant to Section 12(b) or any similar withholding certification under any other Comcast Plan; plus

(z) the number of shares of Common Stock owned by such Optionee that has, within the preceding six months, been received in exchange for Shares surrendered as payment, in full or in part, of the exercise price for an option to purchase any securities of the Sponsor or an Affiliate under any Comcast Plan, but only to the extent of the number of Shares surrendered.

For purposes of Section 6(c), the number of Other Available Shares shall be determined separately for the Company's Class A Special Common Stock, par value, $1.00 per share, and for the Company's Class A Common Stock, par value, $1.00 per share.

(g) "Person" means an individual, a corporation, a partnership, an association, a trust or any other entity or organization.

(h) "Roberts Family." Each of the following is a member of the Roberts Family:

(i) Ralph J. Roberts;

(ii) a lineal descendant of Ralph J. Roberts; or

(iii) a trust established for the benefit of any of Ralph J. Roberts and/or a lineal descendant or descendants of Ralph J. Roberts.

(i) "Sponsor" means Comcast Corporation, a Pennsylvania corporation, including any successor thereto by merger, consolidation, acquisition of all or substantially all the assets thereof, or otherwise.

(j) "Terminating Event" means any of the following events:

(i) the liquidation of the Sponsor; or

(ii) a Change of Control.

(k) "Third Party" means any Person other than a Company, together with such Person's Affiliates, provided that the term "Third Party" shall not include the Sponsor, an Affiliate of the Sponsor or any member or members of the Roberts Family.

Executed as of the 10th day of December, 1996

COMCAST CORPORATION

BY: /s/ Stanley Wang

ATTEST: /s/ Arthur R. Block

COMCAST CORPORATION

1996 STOCK OPTION PLAN

(As Amended and Restated, Effective December 10, 1996)

1. Purpose of Plan

The purpose of the Plan is to assist the Company in retaining valued employees, officers and directors by offering them a greater stake in the Company's success and a closer identity with it, and to aid in attracting individuals whose services would be helpful to the Company and would contribute to its success.

2. Definitions

(a) "Affiliate" means, with respect to any Person, any other Person that, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, the term "control," including its correlative terms "controlled by" and "under common control with," mean, with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

(b) "Board" means the board of directors of the Sponsor.

(c) "Cause" means:

(i) for an employee of a Company, a finding by the Committee, after full consideration of the facts presented on behalf of both the Company and the employee, that the employee has breached his employment contract with a Company, has disclosed trade secrets of a Company or has been engaged in any sort of disloyalty to a Company, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty in the course of his employment.

(ii) for a Non-Employee Director, a finding by the Committee, after full consideration of the facts presented on behalf of both the Company and the Director, that such Non-Employee Director has disclosed trade secrets of a Company, or has been engaged in any sort of disloyalty to a Company, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty in the course of his service as a Non-Employee Director.

(d) "Change of Control" means any transaction or series of transactions as a result of which any Person who was a Third Party immediately before such transaction or series of transactions owns then-outstanding securities of the Sponsor having more than 50 percent of the voting power for the election of directors of the Sponsor.

(e) "Code" means the Internal Revenue Code of 1986, as amended.

(f) "Comcast Plan" means any restricted stock, stock bonus, stock option or other compensation plan, program or arrangement established or maintained by the Company or an Affiliate, including but not limited to this Plan, the Comcast Corporation 1990 Restricted Stock Plan and the Comcast Corporation 1987 Stock Option Plan.

(g) "Committee" means the committee described in Paragraph 5.

(h) "Common Stock" means the Sponsor's Class A Special Common Stock, par value, $1.00.

(i) "Company" means the Sponsor and each of the Parent Companies and Subsidiary Companies.

(j) "Date of Grant" means the date as of which an Option is granted.

(k) "Disability" means a disability within the meaning of section 22(e)(3) of the Code.

(l) "Election Date" means the date on which an individual is first elected to the Board as a Non-Employee Director, or is elected to the Board as a Non-Employee Director following a period of one year or more during which such individual was not a member of the Board.

(m) "Fair Market Value. If Shares are listed on a stock exchange, Fair Market Value shall be determined based on the last reported sale price of a Share on the principal exchange on which Shares are listed on the last trading day prior to the date of determination, or, if Shares are not so listed, but trades of Shares are reported on the Nasdaq National Market, the last quoted sale price of a Share on the Nasdaq National Market on the last trading day prior to the date of determination.

(n) "Grant Date" means each February 1st after the date of adoption of the Plan by the Board.

(o) "Immediate Family" means an Optionee's spouse and lineal descendants, any trust all beneficiaries of which are any of such persons and any partnership all partners of which are any of such persons.

(p) "Incentive Stock Option" means an Option granted under the Plan, designated by the Committee at the time of such grant as an Incentive Stock Option within the meaning of section 422 of the Code and containing the terms specified herein for Incentive Stock Options; provided, however, that to the extent an Option granted under the Plan and designated by the Committee at the time of grant as an Incentive Stock Option fails to satisfy the requirements for an incentive stock option under section 422 of the Code for any reason, such Option shall be treated as a Non-Qualified Option.

(q) "Non-Employee Director" means an individual who is a member of the Board, and who is not an employee of a Company, including an individual who is a member of the Board and who previously was an employee of a Company.

(r) "Non-Qualified Option" means:

(i) an Option granted under the Plan, designated by the Committee at the time of such grant as a Non-Qualified Option and containing the terms specified herein for Non-Qualified Options; and

(ii) an Option granted under the Plan and designated by the Committee at the time of grant as an Incentive Stock Option, to the extent such Option fails to satisfy the requirements for an incentive stock option under section 422 of the Code for any reason.

(s) "Option" means any stock option granted under the Plan and described in either Paragraph 3(a) or Paragraph 3(b).

(t) "Optionee" means a person to whom an Option has been granted under the Plan, which Option has not been exercised in full and has not expired or terminated.

(u) "Other Available Shares" means, as of any date, the excess, if any of:

(i) the total number of Shares owned by an Optionee; over

(ii) the sum of:

(x) the number of Shares owned by such Optionee for less than six months; plus

(y) the number of Shares owned by such Optionee that has, within the preceding six months, been the subject of a withholding certification pursuant to

Paragraph 16(b) or any similar withholding certification under any other Comcast Plan; plus

(z) the number of Shares owned by such Optionee that has, within the preceding six months, been received in exchange for Shares surrendered as payment, in full or in part, of the exercise price for an option to purchase any securities of the Sponsor or an Affiliate under any Comcast Plan, but only to the extent of the number of Shares surrendered.

For purposes of Paragraphs 7(d) and 8(d), the number of Other Available Shares shall be determined separately for the Sponsor's Class A Special Common Stock, par value, $1.00, and for the Sponsor's Class A Common Stock, par value, $1.00.

(v) "Outside Director" means a member of the Board who is an "outside director" within the meaning of section 162(m)(4)(C) of the Code and applicable Treasury Regulations issued thereunder.

(w) "Parent Company" means all corporations that, at the time in question, are parent corporations of the Sponsor within the meaning of section 424(e) of the Code.

(x) "Person" means an individual, a corporation, a partnership, an association, a trust or any other entity or organization.

(y) "Plan" means the Comcast Corporation 1996 Stock Option Plan.

(z) "Roberts Family." Each of the following is a member of the Roberts Family:

(i) Ralph J. Roberts;

(ii) a lineal descendant of Ralph J. Roberts; or

(iii) a trust established for the benefit of any of Ralph J. Roberts and/or a lineal descendant or descendants of Ralph J. Roberts.

(aa) "Share" or "Shares" means:

(i) for all purposes of the Plan, a share or shares of Common Stock or such other securities issued by the Sponsor as may be the subject of an adjustment under Paragraph 11.

(ii) solely for purposes of Paragraphs 7(d) and 8(d), the term "Share" or "Shares" also means a share or shares of the Sponsor's Class A Common Stock, par value, $1.00.

(bb) "Sponsor" means Comcast Corporation, a Pennsylvania corporation, including any successor thereto by merger, consolidation, acquisition of all or substantially all the assets thereof, or otherwise.

(cc) "Subsidiary Companies" means all corporations that, at the time in question, are subsidiary corporations of the Sponsor within the meaning of section 424(f) of the Code.

(dd) "Ten Percent Shareholder" means a person who on the Date of Grant owns, either directly or within the meaning of the attribution rules contained in section 424(d) of the Code, stock possessing more than 10% of the total combined voting power of all classes of stock of his employer corporation or of its parent or subsidiary corporations, as defined respectively in sections 424(e) and (f) of the Code, provided that the employer corporation is a Company.

(ee) "Terminating Event" means any of the following events:

(i) the liquidation of the Sponsor; or

(ii) a Change of Control.

(ff) "Third Party" means any Person other than a Company, together with such Person's Affiliates, provided that the term "Third Party" shall not include the Sponsor, an Affiliate of the Sponsor or any member or members of the Roberts Family.

(gg) "1933 Act" means the Securities Act of 1933, as amended.

(hh) "1934 Act" means the Securities Exchange Act of 1934, as amended.

3. Rights To Be Granted

(a) Types of Options Available for Grant. Rights that may be granted under the Plan are:

(i) Incentive Stock Options, which give an Optionee who is an employee of a Company the right for a specified time period to purchase a specified number of Shares for a price not less than the Fair Market Value on the Date of Grant; and

(ii) Non-Qualified Options, which give the Optionee the right for a specified time period to purchase a specified number of Shares for a price not less than the Fair Market Value on the Date of Grant.

(b) Limit on Grant of Options. The maximum number of Shares for which Options may be granted to any single individual in any calendar year, adjusted as provided in Section 11, shall be 1,000,000 Shares.

(c) Presumption of Incentive Stock Option Status. Each Option granted under the Plan to an employee of a Company is intended to be an Incentive Stock Option, except to the extent any such grant would exceed the limitation of Paragraph 9 and except for any Option specifically designated at the time of grant as an Option that is not an Incentive Stock Option.

4. Shares Subject to Plan

Subject to adjustment as provided in Paragraph 11, not more than 20,000,000 Shares in the aggregate may be issued pursuant to the Plan upon exercise of Options. Shares delivered pursuant to the exercise of an Option may, at the Sponsor's option, be either treasury Shares or Shares originally issued for such purpose. If an Option covering Shares terminates or expires without having been exercised in full, other Options may be granted covering the Shares as to which the Option terminated or expired.

5. Administration of Plan

(a) Committee. The Plan shall be administered by the Subcommittee on Performance Based Compensation of the Compensation Committee of the Board or any other committee or subcommittee designated by the Board, provided that the committee administering the Plan is composed of two or more non-employee members of the Board, each of whom is an Outside Director. Notwithstanding the foregoing, if Non-Employee Directors are granted Options in accordance with the provisions of Paragraph 8, the directors to whom such Options will be granted, the timing of grants of such Options, the Option Price of such Options and the number of Option Shares included in such Options shall be as specifically set forth in Paragraph 8. No member of the Committee shall participate in the resolution of any issue that exclusively involves an Option granted to such member.

(b) Meetings. The Committee shall hold meetings at such times and places as it may determine. Acts approved at a meeting by a majority of the members of the Committee or acts approved in writing by the unanimous consent of the members of the Committee shall be the valid acts of the Committee.

(c) Exculpation. No member of the Committee shall be personally liable for monetary damages for any action taken or any failure to take any action in connection with the administration of the Plan or the granting of Options thereunder unless (i) the member of the Committee has breached or failed to perform the duties of his office, and (ii) the breach or failure to perform constitutes self-dealing, wilful misconduct or recklessness; provided, however, that the provisions of this Paragraph 5(c) shall not apply to the responsibility or liability of a member of the Committee pursuant to any criminal statute.

(d) Indemnification. Service on the Committee shall constitute service as a member of the Board. Each member of the Committee shall be entitled without further act on his part to indemnity from the Sponsor to the fullest extent provided by applicable law and the Sponsor's By-laws in connection with or arising out of any actions, suit or proceeding with respect to the administration of the Plan or the granting of Options thereunder in which he may be involved by reasons of his being or having been a member of the Committee, whether or not he continues to be such member of the Committee at the time of the action, suit or proceeding.

6. Eligibility

(a) Eligible individuals to whom Options may be granted shall be employees, officers or directors of a Company who are selected by the Committee for the grant of Options. The terms and conditions of Options granted to individuals other than Non- Employee Directors shall be determined by the Committee, subject to Paragraph 7. The terms and conditions of Options granted to Non-Employee Directors shall be determined by the Committee, subject to Paragraph 8.

(b) An Incentive Stock Option shall not be granted to a Ten Percent Shareholder except on such terms concerning the option price and term as are provided in Paragraph 7(b) and 7(g) with respect to such a person. An Option designated as Incentive Stock Option granted to a Ten Percent Shareholder but which does not comply with the requirements of the preceding sentence shall be treated as a Non-Qualified Option. An Option designated as an Incentive Stock Option shall be treated as a Non-Qualified Option if the Optionee is not an employee of a Company on the Date of Grant.

7. Option Documents and Terms - In General

All Options granted to Optionees other than Non-Employee Directors shall be evidenced by option documents. The terms of each such option document shall be determined from time to time by the Committee, consistent, however, with the following:

(a) Time of Grant. All Options shall be granted within 10 years from the earlier of (i) the date of adoption of the Plan by the Board, or (ii) approval of the Plan by the shareholders of the Sponsor.

(b) Option Price. The option price per Share with respect to any Option shall be determined by the Committee but shall not be less than 100% of the Fair Market

Value of such Share on the Date of Grant; provided, however, that with respect to any Incentive Stock Options granted to a Ten Percent Shareholder, the option price per Share shall not be less than 110% of the Fair Market Value of such Share on the Date of Grant.

(c) Restrictions on Transferability. No Option granted under this Paragraph 7 shall be transferable otherwise than by will or the laws of descent and distribution and, during the lifetime of the Optionee, shall be exercisable only by him or for his benefit by his attorney-in-fact or guardian; provided that the Committee may, in its discretion, at the time of grant of a Non-Qualified Option or by amendment of an option document for an Incentive Stock Option or a Non-Qualified Option, provide that Options granted to or held by an Optionee may be transferred, in whole or in part, to one or more transferees and exercised by any such transferee; provided further that (i) any such transfer is without consideration and (ii) each transferee is a member of such Optionee's Immediate Family; and provided further that any Incentive Stock Option granted pursuant to an option document which is amended to permit transfers during the lifetime of the Optionee shall, upon the effectiveness of such amendment, be treated thereafter as a Non-Qualified Option. No transfer of an Option shall be effective unless the Committee is notified of the terms and conditions of the transfer and the Committee determines that the transfer complies with the requirements for transfers of Options under the Plan and the option document. Any person to whom an Option has been transferred may exercise any Options only in accordance with the provisions of Paragraph 7(g) and this Paragraph 7(c).

(d) Payment Upon Exercise of Options. Full payment for Shares purchased upon the exercise of an Option shall be made in cash, by certified check payable to the order of the Sponsor, or, at the election of the Optionee and as the Committee may, in its sole discretion, approve, by surrendering Shares with an aggregate Fair Market Value equal to the aggregate option price, or by delivering such combination of Shares and cash as the Committee may, in its sole discretion, approve; provided, however, that Shares may be surrendered in satisfaction of the option price only if the Optionee certifies in writing to the Sponsor that the Optionee owns a number of Other Available Shares as of the date the Option is exercised that is at least equal to the number of Shares to be surrendered in satisfaction of the Option Price; provided further, however, that the option price may not be paid in Shares if the Committee determines that such method of payment would result in liability under section 16(b) of the 1934 Act to an Optionee. Except as otherwise provided by the Committee, if payment is made in whole or in part in Shares, the Optionee shall deliver to the Sponsor certificates registered in the name of such Optionee representing Shares legally and beneficially owned by such Optionee, free of all liens, claims and encumbrances of every kind and having a Fair Market Value on the date of delivery that is not greater than the option price accompanied by stock powers duly endorsed in blank by the record holder of the Shares represented by such certificates. If the Committee, in its sole discretion, should refuse to accept Shares in payment of the option price, any certificates representing Shares which were delivered to the Sponsor shall be returned to the Optionee with notice of the refusal of the Committee to accept such Shares in payment of the option price. The Committee may impose such limitations and prohibitions on the use of Shares to exercise an Option as it deems appropriate.

(e) Issuance of Certificate Upon Exercise of Options; Payment of Cash. Only whole Shares shall be issuable upon exercise of Options. Any right to a fractional Share shall be satisfied in cash. Upon satisfaction of the conditions of Paragraph 10, a certificate for the number of whole Shares and a check for the Fair Market Value on the date of exercise of any fractional Share to which the Optionee is entitled shall be delivered to such Optionee by the Sponsor.

(f) Termination of Employment. For purposes of the Plan, a transfer of an employee between two employers, each of which is a Company, shall not be deemed a termination of employment. For purposes of Paragraph 7(g), an Optionee's termination of employment shall be deemed to occur on the date an Optionee ceases to serve as an active employee of a Company, as determined by the Committee in its sole discretion, or, if the Optionee is a party to an employment agreement with a Company, on the effective date of the Optionee's termination of employment as determined under such agreement.

(g) Periods of Exercise of Options. An Option shall be exercisable in whole or in part at such time or times as may be determined by the Committee and stated in the option document, provided, however, that if the grant of an Option would be subject to section 16(b) of the 1934 Act, unless the requirements for exemption therefrom in Rule 16b-3(c)(1), under such Act, or any successor provision, are met, the option document for such Option shall provide that such Option is not exercisable until not less than six months have elapsed from the Date of Grant. Except as otherwise provided by the Committee in its discretion, no Option shall first become exercisable following an Optionee's termination of employment for any reason; provided further, that:

(i) In the event that an Optionee terminates employment with the Company for any reason other than death or Cause, any Option held by such Optionee and which is then exercisable shall be exercisable for a period of 90 days following the date the Optionee terminates employment with the Company (unless a longer period is established by the Committee); provided, however, that if such termination of employment with the Company is due to the Disability of the Optionee, he shall have the right to exercise those of his Options which are then exercisable for a period of one year following such termination of employment (unless a longer period is established by the Committee); provided, however, that in no event shall an Incentive Stock Option be exercisable after five years from the Date of Grant in the case of a grant to a Ten Percent Shareholder, nor shall any other Option be exercisable after ten years from the Date of Grant.

(ii) In the event that an Optionee terminates employment with the Company by reason of his death, any Option held at death by such Optionee which is then exercisable shall be exercisable for a period of one year from the date of death (unless a longer period is established by the Committee) by the person to whom the rights of the Optionee shall have passed by will or by the laws of descent and distribution; provided, however, that in no event shall an Incentive Stock Option be exercisable after five years from the Date of Grant in the case of a grant to a Ten Percent Shareholder, nor shall any other Option be exercisable after ten years from the Date of Grant.

(iii) In the event that an Optionee's employment with the Company is terminated for Cause, each unexercised Option held by such Optionee shall terminate and cease to be exercisable; provided further, that in such event, in addition to immediate termination of the Option, the Optionee, upon a determination by the Committee shall automatically forfeit all Shares otherwise subject to delivery upon exercise of an Option but for which the Sponsor has not yet delivered the Share certificates, upon refund by the Sponsor of the option price.

(h) Date of Exercise. The date of exercise of an Option shall be the date on which written notice of exercise, addressed to the Sponsor at its main office to the attention of its Secretary, is hand delivered, telecopied or mailed first class postage prepaid; provided, however, that the Sponsor shall not be obligated to deliver any certificates for Shares pursuant to the exercise of an Option until the Optionee shall have made payment in full of the option price for such Shares. Each such exercise shall be irrevocable when given. Each notice of exercise must (i) specify the Incentive Stock Option, Non-Qualified Option or combination thereof being exercised; and (ii) include a statement of preference (which shall binding on and irrevocable by the Optionee but shall not be binding on the Committee) as to the manner in which payment to the Sponsor shall be made (Shares or cash or a combination of Shares and cash). Each notice of exercise shall also comply with the requirements of Paragraph 15.

8. Option Documents and Terms - Non-Employee Directors

Options granted pursuant to the Plan to Non-Employee Directors shall be granted, without any further action by the Committee, in accordance with the terms and conditions set forth in this Paragraph 8. Options granted pursuant to Paragraph 8(a) shall be evidenced by option documents. The terms of each such option document shall be consistent with Paragraphs 8(b) through 8(g), as follows:

(a) Grant of Options to Non-Employee Directors. Each Non-Employee Director shall be granted, commencing on the Grant Date next following the adoption of this Plan by the Board and on each successive Grant Date thereafter, a Non-Qualified Option to purchase 5,400 Shares. Notwithstanding the preceding sentence, each newly elected Non- Employee Director:

(i) shall be granted a Non-Qualified Option to purchase 9,000 Shares on the Election Date; and

(ii) shall not be entitled to the grant of an Option hereunder on the Grant Date immediately following the Non-Employee Director's Election Date if such Election Date is within ninety (90) days of the Grant Date.

(b) Option Price. The option price per Share with respect to any Option granted under this Paragraph 8 shall be 100% of the Fair Market Value of such Share on the Grant Date.

(c) Restrictions on Transferability. No Option granted under this Paragraph 8 shall be transferable otherwise than by will or the laws of descent and distribution and, during the lifetime of the Optionee, shall be exercisable only by him or for his benefit by his attorney-in-fact or guardian; provided that the Committee may, in its discretion, at the time of grant of an Option or by amendment of an option document for an Option, provide that Options may be transferred, in whole or in part, to one or more transferees and exercised by any such transferee; provided further that (i) any such transfer is without consideration, and (ii) each transferee is a member of such Optionee's Immediate Family. No transfer of an Option shall be effective unless the Committee is notified of the terms and conditions of the transfer and the Committee determines that the transfer complies with the requirements for transfers of Options under the Plan and the option document. Any person to whom an Option has been transferred may exercise any Options only in accordance with the provisions of Paragraph 8(f) and this Paragraph 8(c).

(d) Payment Upon Exercise of Options. Full payment for Shares purchased upon the exercise of an Option shall be made in cash, by certified check payable to the order of the Sponsor, or, at the election of the Optionee and as the Committee may, in its sole discretion, approve, by surrendering Shares with an aggregate Fair Market Value equal to the aggregate option price, or by delivering such combination of Shares and cash as the Committee may, in its sole discretion, approve; provided, however, that Shares may be surrendered in satisfaction of the option price only if the Optionee certifies in writing to the Sponsor that the Optionee owns a number of Other Available Shares as of the date the Option is exercised that is at least equal to the number of Shares to be surrendered in satisfaction of the Option Price; provided further, however, that the option price may not be paid in Shares if the Committee determines that such method of payment would result in liability under section 16(b) of the 1934 Act to an Optionee. Except as otherwise provided by the Committee, if payment is made in whole or in part in Shares, the Optionee shall deliver to the Sponsor certificates registered in the name of such Optionee representing Shares legally and beneficially owned by such Optionee, free of all liens, claims and encumbrances of every kind and having a Fair Market Value on the date of delivery that is not greater than the option price accompanied by stock powers duly endorsed in blank by the record holder of the Shares represented by such certificates. If the Committee, in its sole discretion, should refuse to accept Shares in payment of the option price, any certificates representing Shares which were delivered to the Sponsor shall be returned to the Optionee with notice of the refusal of the Committee to accept such Shares in payment of the option price. The Committee may impose such limitations and prohibitions on the use of Shares to exercise an Option as it deems appropriate.

(e) Issuance of Certificate Upon Exercise of Options; Payment of Cash. Only whole Shares shall be issuable upon exercise of Options granted under this Paragraph 8. Any right to a fractional Share shall be satisfied in cash. Upon satisfaction of the conditions of Paragraph 10, a certificate for the number of whole Shares and a check for the Fair Market Value on the date of exercise of any fractional Share to which the Optionee is entitled shall be delivered to such Optionee by the Sponsor.

(f) Periods of Exercise of Options. An Option granted under this Paragraph 8 shall not be exercisable for six months after the Date of Grant, and shall then be exercisable in its entirety. No Option shall first become exercisable following an Optionee's termination of service as a Non-Employee Director for any reason; provided further, that:

(i) In the event that an Optionee terminates service as a Non-Employee Director for any reason other than death or Cause, any Option held by such Optionee and which is then exercisable shall be exercisable for a period of 90 days following the date the Optionee terminates service as a Non-Employee Director; provided, however, that if such termination of employment with the Company is due to the Disability of the Optionee, he shall have the right to exercise those of his Options which are then exercisable for a period of one year following the date the Optionee terminates service as a Non-Employee Director; provided, however, that in no event shall an Option be exercisable after five years from the Grant Date.

(ii) In the event that an Optionee terminates service as a Non-Employee Director by reason of his death, any Option held at death by such Optionee which is then exercisable shall be exercisable for a period of one year from the date of death by the person to whom the rights of the Optionee shall have passed by will or by the laws of descent and distribution; provided, however, that in no event shall an Option be exercisable after five years from the Grant Date.

(iii) In the event that an Optionee's service as a Non-Employee Director is terminated for Cause, each unexercised Option shall terminate and cease to be exercisable; provided further, that in such event, in addition to immediate termination of the Option, the Optionee shall automatically forfeit all Shares otherwise subject to delivery upon exercise of an Option but for which the Sponsor has not yet delivered the Share certificates, upon refund by the Sponsor of the option price.

(g) Date of Exercise. The date of exercise of an Option granted under this Paragraph 8 shall be the date on which written notice of exercise, addressed to the Sponsor at its main office to the attention of its Secretary, is hand delivered, telecopied or mailed first class postage prepaid; provided, however, that the Sponsor shall not be obligated to deliver any certificates for Shares pursuant to the exercise of an Option until the Optionee shall have made payment in full of the option price for such Shares. Each such exercise shall be irrevocable when given. Each notice of exercise must (i) specify the Option being exercised; and (ii) include a statement as to the manner in which payment to the Sponsor shall be made (Shares or cash or a combination of Shares and cash). Each notice of exercise shall also comply with the requirements of Paragraph 15.

9. Limitation on Exercise of Incentive Stock Options.

The aggregate Fair Market Value (determined as of the time Options are granted) of the Shares with respect to which Incentive Stock Options may first become exercisable by an Optionee in any one calendar year under the Plan and any other plan of the Company shall not exceed $100,000. The limitations imposed by this Paragraph 9 shall apply only to Incentive Stock Options granted under the Plan, and not to any other options or stock appreciation rights. In the event an individual receives an Option intended to be an Incentive Stock Option which is subsequently determined to have exceeded the limitation set forth above, or if an individual receives Options that first become exercisable in a calendar year (whether pursuant to the terms of an option document, acceleration of exercisability or other change in the terms and conditions of exercise or any other reason) that have an aggregate Fair Market Value (determined as of the time the Options are granted) that exceeds the limitations set forth above, the Options in excess of the limitation shall be treated as Non-Qualified Options.

10. Rights as Shareholders

An Optionee shall not have any right as a shareholder with respect to any Shares subject to his Options until the Option shall have been exercised in accordance with the terms of the Plan and the option document and the Optionee shall have paid the full purchase price for the number of Shares in respect of which the Option was exercised and the Optionee shall have made arrangements acceptable to the Sponsor for the payment of applicable taxes consistent with Paragraph 16.

11. Changes in Capitalization

(a) Except as provided in Paragraph 11(b), in the event that Shares are changed into or exchanged for a different number or kind of shares of stock or other securities of the Sponsor, whether through merger, consolidation, reorganization, recapitalization, stock dividend, stock split-up or other substitution of securities of the Sponsor, the Board shall make appropriate equitable anti-dilution adjustments to the number and class of shares of stock available for issuance under the Plan, and subject to outstanding Options and to the option prices. Any reference to the option price in the Plan and in option documents shall be a reference to the option price as so adjusted. Any reference to the term "Shares" in the Plan and in option documents shall be a reference to the appropriate number and class of shares of stock available for issuance under the Plan, as adjusted pursuant to this Paragraph 11. The Board's adjustment shall be effective and binding for all purposes of this Plan.

(b) Paragraph 11(a) shall not apply to the number of Shares that become subject to the grant of Options under Paragraph 8(a). Paragraph 11(a) shall apply for the purpose of making appropriate equitable anti-dilution adjustments to Options granted pursuant to Paragraph 8(a) before the effective date of the relevant event giving rise to the adjustment under Paragraph 11(a).

12. Terminating Events

(a) The Sponsor shall give Optionees at least thirty (30) days' notice (or, if not practicable, such shorter notice as may be reasonably practicable) prior to the anticipated date of the consummation of a Terminating Event. Upon receipt of such notice, and for a period of ten (10) days thereafter (or such shorter period as the Board shall reasonably determine and so notify the Optionees), each Optionee shall be permitted to exercise the Option to the extent the Option are then exercisable; provided that, the Sponsor may, by similar notice, require the Optionee to exercise the Option, to the extent the Option is then exercisable, or to forfeit the Option (or portion thereof, as applicable). The Committee may, in its discretion, provide that upon the Optionee's receipt of the notice of a Terminating Event under this Paragraph 12(a), the entire number of Shares covered by Options shall become immediately exercisable. Upon the close of the period described in this Paragraph 12(a) during which an Option may be exercised in connection with a Terminating Event, such Option (including such portion thereof that is not exercisable) shall terminate to the extent that such Option have not theretofore been exercised.

(b) Notwithstanding Paragraph 12(a), in the event the Terminating Event is not consummated, the Option shall be deemed not to have been exercised and shall be exercisable thereafter to the extent it would have been exercisable if no such notice had been given.

13. Interpretation

The Committee shall have the power to interpret the Plan and to make and amend rules for putting it into effect and administering it. It is intended that the Incentive Stock Options granted under the Plan shall constitute incentive stock options within the meaning of section 422 of the Code, and that Shares transferred pursuant to the exercise of Non-Qualified Options shall constitute property subject to federal income tax pursuant to the provisions of section 83 of the Code. The provisions of the Plan shall be interpreted and applied insofar as possible to carry out such intent.

14. Amendments

The Board or the Committee may amend the Plan from time to time in such manner as it may deem advisable. Nevertheless, neither the Board nor the Committee may, without obtaining approval within twelve months before or after such action by such vote of shareholders as may be required by Pennsylvania law for any action requiring shareholder approval, or by a majority of votes cast at a duly held shareholders' meeting at which a majority of all voting stock is present and voting on such amendment, either in person or in proxy (but not, in any event, less than the vote required pursuant to Rule 16b-3(b) under the 1934 Act) change the class of individuals eligible to receive an Incentive Stock Option, extend the expiration date of the Plan, decrease the minimum option price of an Incentive Stock Option granted under the Plan or increase the maximum number of shares as to which Options may be granted, except as provided in Paragraph 11 hereof. In addition, the provisions of Paragraph 8 that determine (i) which directors shall be granted Options; (ii) the number of Shares subject to Options; (iii) the option price of Shares subject to Options; and (iv) the timing of grants of Options shall not be amended more than once every six months, other than to comport with changes in the Code or the Employee Retirement Income Security Act of 1974, as amended, if applicable. No outstanding Option shall be affected by any such amendment without the written consent of the Optionee or other person then entitled to exercise such Option.

15. Securities Law

(a) In General. The Committee shall have the power to make each grant under the Plan subject to such conditions as it deems necessary or appropriate to comply with the then-existing requirements of the 1933 Act or the 1934 Act, including Rule 16b-3 (or any similar rule) of the Securities and Exchange Commission.

(b) Acknowledgment of Securities Law Restrictions on Exercise. To the extent required by the Committee, unless the Shares subject to the Option are covered by a then current registration statement or a Notification under Regulation A under the 1933 Act, each notice of exercise of an Option shall contain the Optionee's acknowledgment in form and substance satisfactory to the Committee that:

(i) the Shares subject to the Option are being purchased for investment and not for distribution or resale (other than a distribution or resale which, in the opinion of counsel satisfactory to the Sponsor, may be made without violating the registration provisions of the Act);

(ii) the Optionee has been advised and understands that (A) the Shares subject to the Option have not been registered under the 1933 Act and are "restricted securities" within the meaning of Rule 144 under the 1933 Act and are subject to restrictions on transfer and (B) the Sponsor is under no obligation to register the Shares subject to the Option under the 1933 Act or to take any action which would make available to the Optionee any exemption from such registration;

(iii) the certificate evidencing the Shares may bear a restrictive legend; and

(iv) the Shares subject to the Option may not be transferred without compliance with all applicable federal and state securities laws.

(c) Delay of Exercise Pending Registration of Securities. Notwithstanding any provision in the Plan or an option document to the contrary, if the Committee determines, in its sole discretion, that issuance of Shares pursuant to the exercise of an Option should be delayed pending registration or qualification under federal or state securities laws or the receipt of a legal opinion that an appropriate exemption from the application of federal or state securities laws is available, the Committee may defer exercise of any Option until such Shares are appropriately registered or qualified or an appropriate legal opinion has been received, as applicable.

16. Withholding of Taxes on Exercise of Option

(a) Whenever the Company proposes or is required to deliver or transfer Shares in connection with the exercise of an Option, the Company shall have the right to (i) require the recipient to remit to the Sponsor an amount sufficient to satisfy any federal, state and local withholding tax requirements prior to the delivery or transfer of any certificate or certificates for such Shares or (ii) take any action whatever that it deems necessary to protect its interests with respect to tax liabilities. The Sponsor's obligation to make any delivery or transfer of Shares on the exercise of an Option shall be conditioned on the recipient's compliance, to the Sponsor's satisfaction, with any withholding requirement. In addition, if the Committee grants Options or amends option documents to permit Options to be transferred during the life of the Optionee, the Committee may include in such option documents such provisions as it determines are necessary or appropriate to permit the Company to deduct compensation expenses recognized upon exercise of such Options for federal or state income tax purposes.

(b) Except as otherwise provided in this Paragraph 16(b), any tax liabilities incurred in connection with the exercise of an Option under the Plan other than an Incentive Stock Option shall be satisfied by the Sponsor's withholding a portion of the Shares underlying the Option exercised having a Fair Market Value approximately equal to the minimum amount of taxes required to be withheld by the Sponsor under applicable law, unless otherwise determined by the Committee with respect to any Optionee. Notwithstanding the foregoing, the Committee may permit an Optionee to elect one or both of the following: (i) to have taxes withheld in excess of the minimum amount required to be withheld by the Sponsor under applicable law; provided that the Optionee certifies in writing to the Sponsor that the Optionee owns a number of Other Available Shares that is at least equal to that number of Option Shares to be withheld by the Company for the then-current exercise on account of withheld taxes in excess of such minimum amount, and (ii) to pay to the Sponsor in cash all or a portion of the taxes to be withheld upon the exercise of an Option. In all cases, the Shares so withheld by the Company shall have a Fair Market Value that does not exceed the amount of taxes to be withheld minus the cash payment, if any, made by the Optionee. Any election pursuant to this Paragraph 16(b) must be in writing made prior to the date specified by the Committee, and in any event prior to the date the amount of tax to be withheld or paid is determined. In addition, with respect to persons subject to reporting requirements under section 16(a) of the 1934 Act, such election must be made at least six months prior to the date the amount of tax to be withheld or paid is determined (which election will remain in effect with regard to the exercise of an Option and all future exercises of Options unless revoked upon six months prior notice). An election pursuant to this Paragraph 16(b) may be made only by an Optionee or, in the event of the Optionee's death, by the Optionee's legal representative. No Shares withheld pursuant to this Paragraph 16(b) shall be available for subsequent grants under the Plan. The Committee may add such other requirements and limitations regarding elections pursuant to this Paragraph 16(b) as it deems appropriate.

17. Effective Date and Term of Plan

The effective date of this amendment and restatement of the Plan is December 10, 1996, the date on which it was adopted by the Committee. The Plan shall expire no later than the tenth anniversary of the date the Plan was initially adopted by the Board, unless sooner terminated by the Board. Any Option granted before the approval of the Plan by the Sponsor's shareholders shall be expressly conditioned upon, and shall not be exercisable until, such approval. If such shareholder approval is not received within 12 months before or after the date of the initial adoption of the Plan by the Board, all Options granted under the Plan shall expire.

18. General

Each Option shall be evidenced by a written instrument containing such terms and conditions not inconsistent with the Plan as the Committee may determine. The issuance of Shares on the exercise of an Option shall be subject to all of the applicable requirements of the corporation law of the Sponsor's state of incorporation and other applicable laws, including federal or state securities laws, and all Shares issued under the Plan shall be subject to the terms and restrictions contained in the Articles of Incorporation and By-Laws of the Sponsor, as amended from time to time.

Executed this 10th day of December, 1996.

[CORPORATE SEAL]   COMCAST CORPORATION

Attest: /s/ Arthur R. Block   By: /s/ Stanley Wang

COMCAST CORPORATION
1990 RESTRICTED STOCK PLAN

(As Amended and Restated, Effective December 18, 1996)

1. PURPOSE

The purpose of the Plan is to promote the ability of Comcast Corporation (the "Company") to retain certain key employees and enhance the growth and profitability of the Company by providing the incentive of long-term awards for continued employment and the attainment of performance objectives.

2. DEFINITIONS

(a) "Affiliate" means, with respect to any Person, any other person that, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, the term "control," including its correlative terms "controlled by" and "under common control with," mean, with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

(b) "Award" means an award of Restricted Stock granted under the Plan.

(c) "Board" means the Board of Directors of the Company.

(d) "Change of Control" means any transaction or series of transactions as a result of which any Person who was a Third Party immediately before such transaction or series of transactions directly or indirectly owns then-outstanding securities of the Company having more than 50 percent of the voting power for the election of directors of the Company.

(e) "Code" means the Internal Revenue Code of 1986, as amended.

(f) "Comcast Plan" means any restricted stock, stock bonus, stock option or other compensation plan, program or arrangement established or maintained by the Company or an Affiliate, including but not limited to the Comcast Corporation 1996 Stock Option Plan and the Comcast Corporation 1987 Stock Option Plan.

(g) "Committee" means the Subcommittee on Performance Based Compensation of the Compensation Committee of the Board.

(h) "Company" means Comcast Corporation, a Pennsylvania corporation, including any successor thereto by merger, consolidation, acquisition of all or substantially all the assets thereof, or otherwise.

(i) "Date of Grant" means the date on which an Award is granted.

(j) "Eligible Employee" means a management employee of the Company or a Subsidiary, as determined by the Committee.

(k) "Grantee" means an Eligible Employee who is granted an Award.

(l) "Other Available Shares" means, as of any date, the excess, if any of:

(i) the total number of Shares owned by a Grantee; over

(ii) the sum of:

(x) the number of Shares owned by such Grantee for less than six months; plus

(y) the number of Shares owned by such Grantee that has, within the preceding six months, been the subject of a withholding certification pursuant to Paragraph 9(c)(ii) or any similar withholding certification under any other Comcast Plan; plus

(z) the number of Shares owned by such Grantee that has, within the preceding six months, been received in exchange for Shares surrendered as payment, in full or in part, of the exercise price for an option to purchase any securities of the Company or an Affiliate under any Comcast Plan, but only to the extent of the number of Shares surrendered.

(m) "Person" means an individual, a corporation, a partnership, an association, a trust or any other entity or organization.

(n) "Plan" means the Comcast Corporation 1990 Restricted Stock Plan, as set forth herein, and as amended from time to time.

(o) "Plan Year" means the 12-consecutive-month period extending from January 3 to January 2.

(p) "Restricted Stock" means Shares subject to restrictions as set forth in an Award.

(q) "Roberts Family." Each of the following is a member of the Roberts Family:

(i) Ralph J. Roberts;

(ii) a lineal descendant of Ralph J. Roberts; or

(iii) a trust established for the benefit of any of Ralph J. Roberts and/or a lineal descendant or descendants of Ralph J. Roberts.

(r) "Rule 16b-3" means Rule 16b-3 promulgated under the 1935 Act, as in effect from time to time.

(s) "Share" or "Shares" means a share or shares of Class A Special Common Stock, $1.00 par value, of the Company.

(t) "Subsidiary" means a corporation that, at the time in question, is a subsidiary corporation of the Company within the meaning of section 424(f) of the Code.

(u) "Terminating Event" means any of the following events:

(i) the liquidation of the Sponsor; or

(ii) a Change of Control.

(v) "Third Party" means any Person, together with such Person's Affiliates, provided that the term "Third Party" shall not include the Company, an Affiliate of the Company or any member or members of the Roberts Family.

(w) "1933 Act" means the Securities Act of 1933, as amended.

(x) "1934 Act" means the Securities Exchange Act of 1934, as amended.

3. RIGHTS TO BE GRANTED

Rights that may be granted under the Plan are rights to Restricted Stock, which gives the Grantee ownership rights in the Shares subject to the Award, subject to a substantial risk of forfeiture, as set forth in Paragraph 7, and to deferred payment, as set forth in Paragraph 8.

4. SHARES SUBJECT TO THE PLAN

(a) Not more than 4,875,000 Shares in the aggregate may be issued under the Plan pursuant to the grant of Awards, subject to adjustment in accordance with Paragraph 10. The Shares issued under the Plan may, at the Company's option, be either Shares held in treasury or Shares originally issued for such purpose.

(b) If Restricted Stock is forfeited pursuant to the times of an Award, other Awards with respect to such Shares may be granted.

5. ADMINISTRATION OF THE PLAN

(a) Administration. The Plan shall be administered by the Committee.

(b) Grants. Subject to the express terms and conditions set forth in the Plan, the Committee shall have the power, from time to time, to:

(i) select those Employees to whom Awards shall be granted under the Plan, to determine the number of Shares to be granted pursuant to each Award, and, pursuant to the provisions of the Plan, to determine the terms and conditions of each Award, including the restrictions applicable to such Shares; and

(ii) interpret the Plan's provisions, prescribe, amend and rescind rules and regulations for the Plan, and make all other determinations necessary or advisable for the administration of the Plan.

The determination of the Committee in all matters as stated above shall be conclusive.

(c) Meetings. The Committee shall hold meetings at such times and places as it may determine. Acts approved at a meeting by a majority of the members of the Committee or acts approved in writing by the unanimous consent of the members of the Committee shall be the valid acts of the Committee.

(d) Exculpation. No member of the Committee shall be personally liable for monetary damages for any action taken or any failure to take any action in connection with the administration of the Plan or the granting of Awards thereunder unless (i) the member of the Committee has breached or failed to perform the duties of his office, and (ii) the breach or failure to perform constitutes self-dealing, wilful misconduct or recklessness; provided, however, that the provisions of this Paragraph 5(d) shall not apply to the responsibility or liability of a member of the Committee pursuant to any criminal statute.

(e) Indemnification. Service on the Committee shall constitute service as a member of the Board. Each member of the Committee shall be entitled without further act on his part to indemnity from the Company to the fullest extent provided by applicable law and the Company' s Articles of Incorporation and By-laws in connection with or arising out of any action, suit or proceeding with respect to the administration of the Plan or the granting of Awards thereunder in which he may be involved by reason of his being or having been a member of the Committee, whether or not he continues to be such member of the Committee at the time of the action, suit or proceeding.

6. ELIGIBILITY

Awards may be granted only to Eligible Employees of the Company and its Subsidiaries, as determined by the Committee. No Awards shall be granted to an individual who is not an Eligible Employee of the Company or a Subsidiary of the Company.

7. RESTRICTED STOCK AWARDS

The Committee may grant Awards in accordance with the Plan. The terms and conditions of Awards shall be set forth in writing as determined from time to time by the Committee, consistent, however, with the following:

(a) Time of Grant. All Awards shall be granted within ten (10) years from the date of adoption of the Plan by the Board.

(b) Shares Awarded. The provisions of Awards need not be the same with respect to each Grantee. No cash or other consideration shall be required to be paid by the Grantee in exchange for an Award.

(c) Awards and Agreements. A certificate shall be issued to each Grantee in respect of Shares subject to an Award. Such certificate shall be registered in the name of the Grantee and shall bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Award. The Company may require that the certificate evidencing such Restricted Stock be held by the Company until all restrictions on such Restricted Stock have lapsed.

(d) Restrictions. Subject to the provisions of the Plan and the Award, during a period set by the Committee commencing with the Date of Grant, which, for Grantees who are subject to the short-swing profit recapture rules of section 16(b) of the 1934 Act by virtue of their position as either a director, officer or holder of more than 10 percent of any class of equity securities of the Company, shall extend for at least six (6) months from the Date of Grant, the Grantee shall not be permitted to sell, transfer, pledge or assign Restricted Stock awarded under the Plan.

(e) Lapse of Restrictions. Subject to the provisions of the Plan and the Award, restrictions upon Shares subject to an Award shall lapse at such time or times and on such terms and conditions as the Committee may determine and as are set forth in the Award; provided, however, that the restrictions upon such Shares shall lapse only if the Grantee on the date of such lapse is, and has been an employee of the Company or of a subsidiary or affiliate of the Company continuously from the Date of Grant. The Award may provide for the lapse of restrictions in installments, as determined by the Committee. The Committee may, in its sole discretion, waive, in whole or in part, any remaining restrictions with respect to such Grantee's Restricted Stock.

(f) Rights of the Grantee. Grantees may have such rights with respect to Shares subject to an Award as may be determined by the Committee and set forth in the Award, including the right to vote such Shares, and the right to receive dividends paid with respect to such Shares.

(g) Termination of Grantee's Employment. A transfer of an Eligible Employee between two employers, each of which is the Company or a Subsidiary, shall not be deemed a termination of employment. In the event that a Grantee terminates employment with the Company and its Subsidiaries, all Shares remaining subject to restrictions shall be forfeited by the Grantee and deemed canceled by the Company.

(h) Delivery of Shares. Except as otherwise provided by Paragraph 8, when the restrictions imposed on Restricted Stock lapse with respect to one or more Shares, the Company shall notify the Grantee that such restrictions no longer apply, and shall deliver to the Grantee (or the person to whom ownership rights may have passed by will or the laws of descent and distribution) a certificate for the number of Shares for which restrictions have lapsed without any legend or restrictions (except those that may be imposed by the Committee, in its sole judgment, under Paragraph 9(a)). The right to payment of any fractional Shares that may have accrued shall be satisfied in cash, measured by the product of the fractional amount times the fair market value of a Share at the time the applicable restrictions lapse, as determined by the Committee.

8. DEFERRAL ELECTIONS

A Grantee may elect to defer the receipt of Restricted Stock as to which restrictions have lapsed as provided by the Committee in the Award, consistent, however, with the following:

(a) Deferral Election.

(i) Election. Each Grantee shall have the right to defer the receipt of all or any portion of the Restricted Stock as to which the Award provides for the potential lapse of applicable restrictions by filing an election to defer the receipt of such Restricted Stock on a form provided by the Committee for this purpose.

(ii) Deadline for Deferral Election. No election to defer the receipt of Restricted Stock as to which the Award provides for the potential lapse of applicable restrictions shall be effective unless it is filed with the Committee on or before the last day of the calendar year ending before the first day of the Plan Year in which the applicable restrictions may lapse; provided that an election to defer the receipt of Restricted Stock as to which the Award provides for the potential lapse of applicable restrictions within the same Plan Year as the Plan Year in which the Award is granted shall be effective if it is filed with the Committee on or before the earlier of (A) the 30th day following the Date of Grant or (B) the last day of the month that precedes the month in which the applicable restrictions may lapse.

(iii) Deferral Period. Subject to Paragraph 8(b), all Restricted Stock that is subject to a deferral election under this Paragraph 8(a) shall be delivered to the Grantee (or the person to whom ownership rights may have passed by will or the laws of descent and distribution) without any legend or restrictions (except those that may be imposed by the Committee, in its sole judgment, under Paragraph 9(a)), on the earlier of (A) the last day of the fifth Plan Year beginning after the date as of which the applicable restrictions lapse or (B) within sixty (60) days following the Grantee's termination of employment for any reason.

(iv) Effect of Failure of Restrictions on Shares to Lapse. A deferral election under this Paragraph 8(a) shall be null and void in the event that the restrictions on Restricted Stock identified in a deferral election do not lapse as of the end of the Plan Year following the Plan Year in which the deferral election is filed with the Committee by reason of the failure to satisfy any condition precedent to the lapse of the restrictions in such Plan Year.

(b) Additional Deferral Election. On or before the last day of the calendar year ending before the first day of the Plan Year in which Restricted Stock subject to a deferral election under Paragraph 8(a) is to be delivered to a Grantee, the Grantee may elect to re-defer the receipt of all or any portion of such Restricted Stock until the earlier of (i) the last day of the fifth Plan Year beginning after the date on which the Restricted Stock would have been delivered but for the Grantee's election pursuant to this Paragraph 8(b) or (ii) within sixty (60) days following the Grantee's termination of employment for any reason.

(c) Status of Deferred Shares. A Grantee's right to delivery of Shares subject to a deferral election under Paragraph 8(a) or 8(b) shall at all times represent the general obligation of the Company. The Grantee shall be a general creditor of the Company with respect to this obligation, and shall not have a secured or preferred position with respect to such obligation. Nothing contained in the Plan or an Award shall be deemed to create an escrow, trust, custodial account or fiduciary relationship of any kind. Nothing contained in the Plan or an Award shall be construed to eliminate any priority or preferred position of a Grantee in a bankruptcy matter with respect to claims for wages.

(d) Non-Assignability, Etc. The right of a Grantee to receive Shares subject to a deferral election under this Paragraph 8 shall not be subject in any manner to attachment or other legal process for the debts of such Grantee; and no right to receive Shares hereunder shall be subject to anticipation, alienation, sale, transfer, assignment or encumbrance.

9. SECURITIES LAWS; TAXES

(a) Securities Laws. The Committee shall have the power to make each grant of Awards under the Plan subject to such conditions as it deems necessary or appropriate to comply with the then-existing requirements of the 1933 Act and the 1934 Act, including Rule 16b-3. Such conditions may include the delivery by the Grantee of an investment representation to the Company in connection with the lapse of restrictions on Shares subject to an Award, or the execution of an agreement by the Grantee to refrain from selling or otherwise disposing of the Shares acquired for a specified period of time or on specified terms.

(b) Taxes. Subject to the rules of Paragraph 9(c), the Company shall be entitled, if necessary or desirable, to withhold the amount of any tax, charge or assessment attributable to the grant of any Award or lapse of restrictions under any Award. The Company shall not be required to deliver Shares pursuant to any Award until it has been indemnified to its satisfaction for any such tax, charge or assessment.

(c) Payment of Tax Liabilities; Election to Withhold Shares or Pay Cash to Satisfy Tax Liability.

(i) In connection with the grant of any Award or the lapse of restrictions under any Award, the Company shall have the right to (A) require the Grantee to remit to the Company an amount sufficient to satisfy any federal, state and/or local withholding tax requirements prior to the delivery or transfer of any certificate or certificates for Shares subject to such Award, or (B) take any action whatever that it deems necessary to protect its interests with respect to tax liabilities. The Company's obligation to make any delivery or transfer of Shares shall be conditioned on the Grantee's compliance, to the Company's satisfaction, with any withholding requirement.

(ii) Except as otherwise provided in this Paragraph 9(c)(ii), any tax liabilities incurred in connection with grant of any Award or the lapse of restrictions under any Award under the Plan shall be satisfied by the Company's withholding a portion of the Shares subject to such Award having a fair market value approximately equal to the minimum amount of taxes required to be withheld by the Company under applicable law, unless otherwise determined by the Committee with respect to any Grantee. Notwithstanding the foregoing, the Committee may permit a Grantee to elect one or both of the following: (A) to have taxes withheld in excess of the minimum amount required to be withheld by the Company under applicable law; provided that the Grantee certifies in writing to the Company at the time of such election that the Grantee owns a number of Other Available Shares that is at least equal to the number to be withheld by the Company in payment of withholding taxes in excess of such minimum amount; and (B) to pay to the Company in cash all or a portion of the taxes to be withheld in connection with such grant or lapse of restrictions. In all cases, the Shares so withheld by the Company shall have a fair market value that does not exceed the amount of taxes to be withheld minus the cash payment, if any, made by the Grantee. The fair market value of such Shares shall be determined based on the last reported sale price of a Share on the principal exchange on which Shares are listed or, if not so listed, on the NASDAQ Stock Market on the last trading day prior to the date of such grant or lapse of restriction. Any election pursuant to this Paragraph 9(c)(ii) must be in writing made prior to the date specified by the Committee, and in any event prior to the date the amount of tax to be withheld or paid is determined. In addition, with respect to persons subject to reporting requirements under Section 16(a) of the 1934 Act, such election must be made at least six months prior to the date the amount of tax to be withheld or paid is determined (which election will remain in effect with regard to all future grants of Awards or lapses of restrictions, as applicable, unless revoked upon six months prior notice). An election pursuant to this Paragraph 9(c)(ii) may be made only by a Grantee or, in the event of the Grantee's death, by the Grantee's legal representative. No Shares withheld pursuant to this Paragraph 9(c)(ii) shall be available for subsequent grants under the Plan. The Committee may add such other requirements and limitations regarding elections pursuant to this Paragraph 9(c)(ii) as it deems appropriate.

10. CHANGES IN CAPITALIZATION

The aggregate number of Shares and class of Shares as to which Awards may be granted and the number of Shares covered by each outstanding Award shall be appropriately adjusted in the event of a stock dividend, stock split, recapitalization or other change in the number or class of issued and outstanding equity securities of the Company resulting from a subdivision or consolidation of the Shares and/or other outstanding equity security or a recapitalization or other capital adjustment (not including the issuance of Shares and/or other outstanding equity securities on the conversion of other securities of the Company which are convertible into Shares and/or other outstanding equity securities) affecting the Shares which is effected without receipt of consideration by the Company. The Committee shall have authority to determine the adjustments to be made under this Paragraph 10 and any such determination by the Committee shall be final, binding and conclusive.

11. TERMINATING EVENTS

The Committee shall give Participants at least thirty (30) days' notice (or, if not practicable, such shorter notice as may be reasonably practicable) prior to the anticipated date of the consummation of a Terminating Event. The Committee may, in its discretion, provide in such notice that upon the consummation of such Terminating Event, any restrictions on Restricted Stock (other than Restricted Stock that has previously been forfeited) shall be eliminated, in full or in part. Further, the Committee may, in its discretion, provide in such notice that notwithstanding any other provision of the Plan or the terms of any election made pursuant to Paragraph 8, upon the consummation of a Terminating Event, all Restricted Stock subject to an election made pursuant to Paragraph 8 shall be transferred to the Grantee.

12. AMENDMENT AND TERMINATION

The Plan may be terminated by the Board at any time. The Plan may be amended by the Board or the Committee at any time. No Award shall be affected by any such termination or amendment without the written consent of the Grantee.

13. EFFECTIVE DATE

The effective date of this amendment and restatement of the Plan is the date on which it is adopted by the Board. The adoption of this amendment and restatement of the Plan and the grant of Awards pursuant to this amendment and restatement of the Plan is subject to the approval of the shareholders of the Company to the extent that the Committee determines that such approval (a) is required pursuant to the By-laws of the National Association of Securities Dealers, Inc., and the schedules thereto, in connection with issuers whose securities are included in the NASDAQ National Market System, or (b) is required to satisfy the conditions on Rule 16b-3. If the Committee determines that shareholder approval is required to satisfy the foregoing conditions, the Board shall submit the Plan to the shareholders the Company for their approval at the first annual meeting of shareholders held after the adoption of the Plan by the Board.

14. GOVERNING LAW

The Plan and all determinations made and actions taken pursuant to the Plan shall be governed in accordance with Pennsylvania Law.

Executed this 18th day of December, 1996

COMCAST CORPORATION

BY: /s/ Stanley Wang

ATTEST: /s/ Arthur R. Block

COMCAST CORPORATION

1996 CASH BONUS PLAN

(Amended and Restated, Effective December 10, 1996)

1. PURPOSE

The purpose of the Plan is to promote the ability of Comcast Corporation (the "Company") and its Subsidiaries (as defined below) to retain and recruit employees and enhance the growth and profitability of the Company by providing the incentive of short-term and long-term cash bonus awards for continued employment and the attainment of performance objectives.

2. DEFINITIONS

(a) "Affiliate" means, with respect to any Person, any other person that, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, the term "control," including its correlative terms "controlled by" and "under common control with," mean, with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

(b) "Award" means a cash bonus award granted under the Plan.

(c) "Board" means the Board of Directors of the Company.

(d) "C" means the Consolidated Operating Cash Flow of the Company, the Cable Division or the Cellular Division, as applicable, for 1995.

(e) "Cable Division" means the Company's cable television business, as determined by the Committee in its sole discretion.

(f) "Cellular Division" means the Company's cellular telephone business, as determined by the Committee in its sole discretion.

(g) "Change of Control" means any transaction or series of transactions as a result of which any Person who was a Third Party immediately before such transaction or series of transactions directly or indirectly owns then-outstanding securities of the Company having more than 50 percent of the voting power for the election of directors of the Company.

(h) "Committee" means the Subcommittee on Performance Based Compensation of the Compensation Committee of the Board.

(i) "Company."

(i) Except as otherwise provided in Paragraph 2(i)(ii), "Company" means Comcast Corporation, a Pennsylvania corporation, including any successor thereto by merger, consolidation, acquisition of all or substantially all the assets thereof, or otherwise.

(ii) For purposes of determining an Eligible Employee's employer, "Company" means Comcast Corporation, a Pennsylvania corporation.

(j) "Compounded Annual Growth Rate" means the value determined under the following mathematical formula:

$$C[(1+r)^n]$$

where C, r and n have the definitions provided in this Paragraph 2 of the Plan.

(k) "Consolidated Operating Cash Flow" means the consolidated operating income plus depreciation and amortization, of the Company, the Cable Division or the Cellular Division, as applicable, for a Plan Year, as determined by the Committee in accordance with generally accepted accounting principles. If the results of operations of a business acquired or disposed of after December 31, 1995 would, under generally accepted accounting principles, be included (in the case of an acquisition) or excluded (in the case of a disposition) from the consolidated financial statements of the Company, the Cable Division or the Cellular Division, as applicable, from the date of acquisition or disposition, and, in such event, the Committee decides in its sole discretion that such inclusion or exclusion will materially affect the comparability of such amount for the Plan Year in which the acquisition or disposition occurs and each Plan Year thereafter to that for 1995, then for the purpose of determining whether the Target has been met for the Plan Year in which the acquisition or disposition occurs and each Plan Year thereafter only, the Consolidated Operating Cash Flow for 1995 shall be restated to account for such acquisition or disposition as if it had occurred on January 1, 1995, using actual historical financial information for the acquired or disposed of business. The Committee may also decide in its sole discretion that an event (such as a non-recurring item or the results of a start-up or development stage business) in a Plan Year will materially affect the comparability of the results of operations for such Plan Year to that for 1995, in which case the Committee may restate the results of operations for such Plan Year to make an equitable adjustment thereto.

(l) "Date of Grant" means the date on which an Award is granted.

(m) "Eligible Employee" means an employee of the Company or a Subsidiary, as determined by the Committee.

(n) "Grantee" means an Eligible Employee who is granted an Award.

(o) "n" means a value applied for purposes of determining the Compounded Annual Growth Rate for the Company, the Cable Division or the Cellular Division, as applicable, as follows:

(i) for purposes of determining Compounded Annual Growth Rate for 1996, n = 1.

(ii) for purposes of determining Compounded Annual Growth Rate for 1997, n = 2.

(iii) for purposes of determining Compounded Annual Growth Rate for 1998, n = 3.

(iv) for purposes of determining Compounded Annual Growth Rate for 1999, n = 4.

(v) for purposes of determining Compounded Annual Growth Rate for 2000, n = 5.

(p) "Person" means an individual, a corporation, a partnership, an association, a trust or any other entity or organization.

(q) "Plan" means the Comcast Corporation 1996 Cash Bonus Plan, as set forth herein, and as amended from time to time.

(r) "Plan Year" means the calendar year.

(s) "r" means the interest rate established by the Committee for purposes of determining the Compounded Annual Growth Rate for the Company, the Cable Division or the Cellular Division, as applicable.

(t) "Roberts Family." Each of the following is a member of the Roberts Family:

(i) Ralph J. Roberts;

(ii) a lineal descendant of Ralph J. Roberts; or

(iii) a trust established for the benefit of any of Ralph J. Roberts and/or a lineal descendant or descendants of Ralph J. Roberts.

(u) "Subsidiary" means a corporation that, at the time in question, is a subsidiary corporation of the Company, within the meaning of section 424(f) of the Code.

(v) "Target" means, for any Plan Year beginning after 1995, Consolidated Operating Cash Flow for the Company, the Cable Division or the Cellular Division, as applicable, which equals or exceeds the Compounded Annual Growth Rate for such Plan Year, based on the annualized interest rate, "r," established by the Committee for the Company, the Cable Division or the Cellular Division, as applicable.

(w) "Terminating Event" means any of the following events:

(i) the liquidation of the Sponsor; or

(ii) a Change of Control.

(x) "Third Party" means any Person, together with such Person's Affiliates, provided that the term "Third Party" shall not include the Company, an Affiliate of the Company or any member or members of the Roberts Family.

3. RIGHTS TO BE GRANTED

Rights that may be granted under the Plan are rights to cash payments, payable in accordance with the terms of the Plan and the Award document.

4. ADMINISTRATION OF THE PLAN

(a) Administration. The Plan shall be administered by the Committee.

(b) Grants. Subject to the express terms and conditions set forth in the Plan, the Committee shall have the power, from time to time, to:

(i) select those Eligible Employees to whom Awards shall be granted under the Plan, to determine the amount of cash to be paid pursuant to each Award, and, pursuant to the provisions of the Plan, to determine the terms and conditions of each Award; and

(ii) interpret the Plan's provisions, prescribe, amend and rescind rules and regulations for the Plan, and make all other determinations necessary or advisable for the administration of the Plan.

The determination of the Committee in all matters as stated above shall be conclusive.

(c) Meetings. The Committee shall hold meetings at such times and places as it may determine. Acts approved at a meeting by a majority of the members of the Committee or acts approved in writing by the unanimous consent of the members of the Committee shall be the valid acts of the Committee.

(d) Exculpation. No member of the Committee shall be personally liable for monetary damages for any action taken or any failure to take any action in connection with the administration of the Plan or the granting of Awards thereunder unless (i) the member of the Committee has breached or failed to perform the duties of his office, and (ii) the breach or failure to perform constitutes self-dealing, wilful misconduct or recklessness; provided, however, that the provisions of this Paragraph 5(d) shall not apply to the responsibility or liability of a member of the Committee pursuant to any criminal statute.

(e) Indemnification. Service on the Committee shall constitute service as a member of the Board. Each member of the Committee shall be entitled without further act on his part to indemnity from the Company to the fullest extent provided by applicable law and the Company's Articles of Incorporation and By-laws in connection with or arising out of any action, suit or proceeding with respect to the administration of the Plan or the granting of Awards thereunder in which he may be involved by reason of his being or having been a member of the Committee, whether or not he continues to be such member of the Committee at the time of the action, suit or proceeding.

5. ELIGIBILITY

Awards may be granted only to Eligible Employees of the Company and its Subsidiaries, as determined by the Committee. No Awards shall be granted to an individual who is not an Eligible Employee of the Company or a Subsidiary.

6. CASH BONUS AWARDS

The Committee may grant Awards in accordance with the Plan. The terms and conditions of Awards shall be set forth in writing as determined from time to time by the Committee, consistent, however, with the following:

(a) Time of Grant. All Awards shall be granted within five years from the date of adoption of the Plan by the Board.

(b) Non-uniformity of Awards. The provisions of Awards need not be the same with respect to each Grantee.

(c) Awards and Agreements. The terms of each Award shall be reflected in an Award document in form and substance satisfactory to the Committee.

(d) Conditions to Payment of Awards. The Committee shall establish such conditions on the payment of a bonus pursuant to an Award as it may, in its sole discretion, deem appropriate. The conditions shall be set forth in the Award document. The Award may provide for the payment of Awards in installments, or upon the satisfaction of divisional or Company-wide performance targets, as determined by the Committee. The Committee may, in its sole discretion, waive, in whole or in part, any remaining conditions to payment of a Grantee's Award. The Grantee shall not be permitted to sell, transfer, pledge or assign any amount payable pursuant to the Plan or an Award (provided that the right to payment under an Award may pass by will or the laws of descent and distribution).

(e) Termination of Grantee's Employment. A transfer of an Eligible Employee between two employers, each of which is the Company or a Subsidiary, shall not be deemed a termination of employment. The Committee may grant Awards pursuant to which the calculation of an Award is modified in connection with a transfer of a Grantee between two employers, each of which is the Company or a Subsidiary. In the event that a Grantee terminates employment with the Company and its Subsidiaries, all Awards remaining subject to conditions to payment shall be forfeited by the Grantee and deemed canceled by the Company.

(f) Payment of Cash. Subject to Paragraph 11, and as further provided in Paragraphs 7, 8, 9 and 10, following the satisfaction of the conditions to payment of an Award, the Company shall pay the Grantee (or the person to whom the right to payment may have passed by will or the laws of descent and distribution) the amount payable in connection with the lapse of such restrictions.

7. CONDITIONS TO PAYMENT OF CASH BONUS AWARDS

(a) In General. Except as provided in Paragraph 7(b), or as otherwise determined by the Committee and provided in the terms of an Award:

(i) The restrictions on the payment of Awards of Grantees employed by the Company shall be determined pursuant to the Paragraph 8.

(ii) The conditions to the payment of Awards of Grantees employed by the Cable Division shall be determined pursuant to Paragraph 9.

(iii) The conditions to the payment of Awards of Grantees employed by the Cellular Division shall be determined pursuant to Paragraph 10.

(b) Certain Grantees Subject to Transition Rules. The Target for a Grantee who has received an award of restricted stock pursuant to the Comcast Corporation 1990 Restricted Stock Plan which provides for the lapse of restrictions for any such restricted stock after January 2, 1996 shall be determined by the Committee and provided in the terms of the Award for such Grantee.

8. CORPORATE TARGET AND CASH BONUS

(a) Amount of Cash Bonus Award. The amount of an Award to Eligible Employees of the Company shall be determined by the Committee.

(b) Target. The Target for Eligible Employees of the Company shall be met for each Plan Year beginning after 1995 if Consolidated Operating Cash Flow for the Company equals orexceeds the Compounded Annual Growth Rate for such Plan Year, where "r" equals 12 percent (0.12).

(c) Payment of Cash Bonus Award. The Cash Bonus Award shall be paid to a Grantee at the following times if the following conditions are satisfied:

(i) 15 percent of the Award shall be paid on or before March 15, 1997 if the Target is met for the 1996 Plan Year and the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31, 1996.

(ii) 30 percent of the Award (less any portion of the Award previously paid to Grantee) shall be paid on or before March 15, 1998 if the Target is met for the 1997 Plan Year and the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31, 1997.

(iii) 45 percent of the Award (less any portion of the Award previously paid to Grantee) shall be paid on or before March 15, 1999 if the Target is met for the 1998 Plan Year and the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31, 1998.

(iv) 60 percent of the Award (less any portion of the Award previously paid to Grantee) shall be paid on or before March 15, 2000 if the Target is met for the 1999 Plan Year and the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31, 1999.

(v) 75 percent of the Award (less any portion of the Award previously paid to Grantee) shall be paid on or before March 15, 2001 if the Target is met for the 2000 Plan Year and the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31, 2000.

(d) Payment of Supplemental Cash Bonus Award. If the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31, 2000, the Grantee shall be paid an additional portion of the Cash Bonus Award on or before March 15, 2001, as follows:

(i) 5 percent of the Award if the Target was satisfied for the 1996 Plan Year, provided that the Target was not satisfied for any subsequent Plan Year.

(ii) 10 percent of the Award if the Target was satisfied for the 1997 Plan Year, provided that the Target was not satisfied for any subsequent Plan Year.

(iii) 15 percent of the Award if the Target was satisfied for the 1998 Plan Year, provided that the Target was not satisfied for any subsequent Plan Year.

(iv) 20 percent of the Award if the Target was satisfied for the 1999 Plan Year, provided that the Target was not satisfied for any subsequent Plan Year.

(v) 25 percent of the Award if the Target was satisfied for the 2000 Plan Year.

9. CABLE DIVISION TARGET AND CASH BONUS

(a) Amount of Cash Bonus Award. The amount of an Award to Eligible Employees of the Cable Division shall be determined by the Committee.

(b) Target. The Target for Eligible Employees of the Cable Division shall be met for each Plan Year beginning after 1995 if Consolidated Operating Cash Flow for the Cable Division equals or exceeds the Compounded Annual Growth Rate for such Plan Year, where "r" equals 10 percent (0.10).

(c) Payment of Cash Bonus Award. The Cash Bonus Award shall be paid to a Grantee at the following times if the following conditions are satisfied:

(i) 15 percent of the Award shall be paid on or before March 15, 1997 if the Target is met for the 1996 Plan Year and the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31, 1996.

(ii) 30 percent of the Award (less any portion of the Award previously paid to Grantee) shall be paid on or before March 15, 1998 if the Target is met for the 1997 Plan Year and the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31, 1997.

(iii) 45 percent of the Award (less any portion of the Award previously paid to Grantee) shall be paid on or before March 15, 1999 if the Target is met for the 1998 Plan Year and the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31, 1998.

(iv) 60 percent of the Award (less any portion of the Award previously paid to Grantee) shall be paid on or before March 15, 2000 if the Target is met for the 1999 Plan Year and the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31, 1999.

(v) 75 percent of the Award (less any portion of the Award previously paid to Grantee) shall be paid on or before March 15, 2001 if the Target is met for the 2000 Plan Year and the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31, 2000.

(d) Payment of Supplemental Cash Bonus Award. If the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31, 2000, the Grantee shall be paid an additional portion of the Cash Bonus Award on or before March 15, 2001, as follows:

(i) 5 percent of the Award if the Target was satisfied for the 1996 Plan Year, provided that the Target was not satisfied for any subsequent Plan Year.

(ii) 10 percent of the Award if the Target was satisfied for the 1997 Plan Year, provided that the Target was not satisfied for any subsequent Plan Year.

(iii) 15 percent of the Award if the Target was satisfied for the 1998 Plan Year, provided that the Target was not satisfied for any subsequent Plan Year.

(iv) 20 percent of the Award if the Target was satisfied for the 1999 Plan Year, provided that the Target was not satisfied for any subsequent Plan Year.

(v) 25 percent of the Award if the Target was satisfied for the 2000 Plan Year.

10. CELLULAR DIVISION TARGET AND CASH BONUS

(a) Amount of Cash Bonus Award. The amount of an Award to Eligible Employees of the Cellular Division shall be determined by the Committee.

(b) Target. The Target for Eligible Employees of the Cellular Division shall be met for each Plan Year beginning after 1995 if Consolidated Operating Cash Flow for the Cellular Division equals or exceeds the Compounded Annual Growth Rate for such Plan Year, where "r" equals 15 percent (0.15).

(c) Payment of Cash Bonus Award - Performance Target Condition. Half of the Cash Bonus Award (hereinafter, the "Cellular Performance Award") shall be subject to service and performance conditions. If the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31, 2000, the Grantee shall be paid all or part of the Cellular Performance Award on or before March 15, 2001, as follows:

(i) 20 percent of the Cellular Performance Award if the Target was satisfied for the 1996 Plan Year, provided that the Target was not satisfied for any subsequent Plan Year.

(ii) 40 percent of the Cellular Performance Award if the Target was satisfied for the 1997 Plan Year, provided that the Target was not satisfied for any subsequent Plan Year.

(iii) 60 percent of the Cellular Performance Award if the Target was satisfied for the 1998 Plan Year, provided that the Target was not satisfied for any subsequent Plan Year.

(iv) 80 percent of the Cellular Performance Award if the Target was satisfied for the 1999 Plan Year, provided that the Target was not satisfied for any subsequent Plan Year.

(v) 100 percent of the Cellular Performance Award if the Target was satisfied for the 2000 Plan Year.

(d) Payment of Cash Bonus Award - Service Condition. Half of the Cash Bonus Award (hereinafter, the "Cellular Service Award") shall be subject to service conditions, and shall paid to a Grantee at the following times if the following conditions are satisfied:

(i) 20 percent of the Cellular Service Award shall be paid on or before February 29, 1996.

(ii) 20 percent of the Cellular Service Award shall be paid on or before February 28, 1998 if the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31, 1997.

(iii) 20 percent of the Cellular Service Award shall be paid on or before February 28, 1999 if the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31, 1998.

(iv) 20 percent of the Cellular Service Award shall be paid on or before February 29, 2000 if the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31, 1999.

(v) 20 percent of the Cellular Service Award shall be paid on or before February 28, 2001 if the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31, 2000.

11. TAXES

The Company shall withhold the amount of any federal, state, local or other tax, charge or assessment attributable to the grant of any Award or lapse of restrictions under any Award as it may deem necessary or appropriate, in its sole discretion.

12. TERMINATING EVENTS

The Committee shall give Grantees at least thirty (30) days' notice (or, if not practicable, such shorter notice as may be reasonably practicable) prior to the anticipated date of the consummation of a Terminating Event. The Committee may, in its discretion, provide in such notice that upon the consummation of such Terminating Event, any remaining conditions to payment of a Grantee's Award shall be waived, in whole or in part.

13. AMENDMENT AND TERMINATION

The Plan may be terminated by the Board or the Committee at any time. The Plan may be amended by the Board or the Committee at any time. No Award shall be affected by any such termination or amendment without the written consent of the Grantee.

14. EFFECTIVE DATE

The effective date of this amendment and restatement of the Plan is December 10, 1996, the date on which it was adopted by the Committee.

15. GOVERNING LAW

The Plan and all determinations made and actions taken pursuant to the Plan shall be governed in accordance with Pennsylvania law.

Executed this 10th day of December, 1996

[CORPORATE SEAL]   COMCAST CORPORATION

ATTEST: /s/ Arthur R. Block   BY: /s/ Stanley Wang

COMCAST CORPORATION

1996 EXECUTIVE CASH BONUS PLAN

1. PURPOSE

The purpose of the Plan is to provide, subject to shareholder approval and approval by the Committee (as defined below), performance-based cash bonus compensation for certain employees of Comcast Corporation, a Pennsylvania corporation (the "Company") in accordance with a formula that is based on the financial success of the Company as part of an integrated compensation program which is intended to assist the Company in motivating and retaining employees of superior ability, industry and loyalty.

2. DEFINITIONS

The following words and phrases as used herein shall have the following meanings, unless a different meaning is plainly required by the context:

"Board of Directors" shall mean the Board of Directors of the Company.

"Cash Flow" shall mean the operating income before depreciation and amortization for the Company and those of its affiliates which are included with the Company in its consolidated financial statements as prepared by the Company in accordance with generally accepted accounting principles.

"Committee" shall mean the Subcommittee on Performance-Based Compensation of the Compensation Committee of the Board of Directors.

"Company" shall mean Comcast Corporation, a Pennsylvania corporation, and any successor thereto.

"First Tier Goal" shall mean the performance goal, measured in terms of level of Cash Flow, as established by the Committee for each Plan Year. The First Tier Goal is the performance measure which, if achieved, permits payment to each Participant of 66 % of the Participant's Target Bonus. The Committee shall in all events establish the First Tier Goal for each Plan Year no later than 90 days after the first day of the Plan Year or, if sooner, within the first 25% of the Plan Year. The First Tier Goal shall be established at the discretion of the Committee, provided, however, that the Committee must determine that, as of the date the First Tier Goal is established, it is substantially uncertain whether the level of Cash Flow required to meet the First Tier Goal will be achieved.

"Participant" shall mean those persons eligible to participate in the Plan in accordance with Section 3.

"Plan" shall mean the 1996 Comcast Corporation Executive Cash Bonus Plan.

"Plan Year" shall mean the calendar year, except that the first Plan Year shall be the period from July 1, 1996 through December 31, 1996.

"Second Tier Goal" shall mean the performance goal, measured in terms of level of Cash Flow, as established by the Committee for each Plan Year. The Second Tier Goal is the performance measure which, if achieved, permits payment to each Participant of 100% of the Participant's Target Bonus. The Committee shall establish the Second Tier Goal for each Plan Year at the same time that it establishes the First Tier Goal for such Plan Year. The Second Tier Goal shall be a level of Cash Flow chosen at the discretion of the Committee that is higher than the level of Cash Flow chosen for the Plan Year as the First Tier Goal.

"Target Bonus" shall mean, with respect to any Participant for any Plan Year, the sum of (a) 50% of the Participant's base salary as of the first day of the Plan Year and (b) the amount, if any, of such Participant's Target Bonus for any prior Plan Year which was not earned due to failure to meet the First Tier Goal or the Second Tier Goal; provided, however, that in no event shall any Participant's Target Bonus for any Plan Year exceed $1,000,000.

3. PARTICIPATION

The Participants in the Plan shall be Brian L. Roberts, Lawrence S. Smith, John R. Alchin, Stanley Wang, and such other key executives as may be designated by the Committee to participate in the Plan from time to time.

4. TERM OF PLAN

Subject to approval of the Plan by the Committee and the shareholders of the Company, the Plan shall be in effect as of July 1, 1996 and shall continue until all amounts required to be paid with respect to all Plan Years up through and including the Plan Year ending December 31, 2000 are paid by the Company, unless sooner terminated by the Board of Directors.

5. BONUS ENTITLEMENT

Each Participant shall be entitled to receive a bonus in accordance with the provisions of Section 6 of the Plan only after certification by the Committee that the performance goals set forth in Section 6 have been satisfied. The bonus payment under the Plan shall be paid to each Participant as soon as practicable following the close of the Plan Year with respect to which the bonus is to be paid. Notwithstanding anything contained herein to the contrary, no bonus shall be payable under the Plan without the prior disclosure of the terms of the Plan to the shareholders of the Company and the approval of the Plan by such shareholders.

6. AMOUNT OF PERFORMANCE-BASED COMPENSATION BONUS

(a) Each Participant in the Plan shall be entitled to a bonus with respect to a Plan Year which is equal to 66 % of the Participant's Target Bonus if the Company's Cash Flow for the Plan Year is at least equal to the First Tier Goal, and 100% of the Target Bonus if the Company's Cash Flow for the Plan Year is at least equal to the Second Tier Goal. If the level of Cash Flow for the Plan Year is higher than the First Tier Goal and lower than the Second Tier Goal, the bonus with respect to such Plan Year shall be such percentage of the Participant's Target Bonus in excess of 66 % as is determined by prorating the difference between 100% and 66 % according to the level of Cash Flow in excess of the First Tier Goal divided by the difference between the levels of Cash Flow represented by the Second Tier Goal and the First Tier Goal. If the level of Cash Flow for a Plan Year is below the First Tier Goal established with respect to such Plan Year, no bonus shall be payable under the Plan for that Plan Year.

(b) In the event any payment of a bonus otherwise payable under the Plan occurs more than two months after the close of the Plan Year with respect to which the bonus is paid because the required disclosure of the terms of the Plan to the shareholders of the Company and the approval of the Plan by such shareholders delays such bonus payment, the amount of the bonus otherwise payable shall be increased by the amount such bonus payment would earn if it were invested in an investment bearing a 7% annual rate of return, compounded daily, or such other reasonable rate of interest as may be determined by the Committee, during the period from the close of the Plan Year with respect to which such bonus is paid and the date the bonus is actually paid.

(c) Notwithstanding anything contained herein to the contrary, in the event there is a significant acquisition or disposition of any assets, business division, company or other business operations of the Company that is reasonably expected to have an effect on Cash Flow as otherwise determined under the terms of the Plan, the First Tier Goal and the Second Tier Goal shall be adjusted to take into account the impact of such acquisition or disposition by increasing or decreasing such goals in the same proportion as Cash Flow of the Company would have been affected for the prior Plan Year on a pro forma basis had such an acquisition or disposition occurred on the same date during the prior Plan Year (except in the case of the first Plan Year the adjustment shall be made by reference to the effect such an acquisition or disposition on the same date during the prior calendar year would have had on Cash Flow for the period commencing July 1, 1995 and ending December 31, 1995). Such adjustment shall be based upon the historical equivalent of Cash Flow of the assets so acquired or disposed of for the prior Plan Year, as shown by such records as are available to the Company, as further adjusted to reflect any aspects of the transaction that should be taken into account to ensure comparability between amounts in the prior Plan Year and the current Plan Year.

(d) Notwithstanding the determination of the amount of a Participant's bonus payable with respect to any Plan Year under Section 6(a), the Committee shall have the discretion to reduce or eliminate the bonus otherwise payable to a Participant if it determines that such a reduction or elimination of the bonus is in the best interests of the Company.

7. COMMITTEE

(a) Powers. The Committee shall have the power and duty to do all things necessary or convenient to effect the intent and purposes of the Plan and not inconsistent with any of the provisions hereof, whether or not such powers and duties are specifically set forth herein, and, by way of amplification and not limitation of the foregoing, the Committee shall have the power to:

(i) provide rules and regulations for the management, operation and administration of the Plan, and, from time to time, to amend or supplement such rules and regulations;

(ii) construe the Plan, which construction, as long as made in good faith, shall be final and conclusive upon all parties hereto; and

(iii) correct any defect, supply any omission, or reconcile any inconsistency in the Plan in such manner and to such extent as it shall deem expedient to carry the same into effect, and it shall be the sole and final judge of when such action shall be appropriate.

The resolution of any questions with respect to payments and entitlements pursuant to the provisions of the Plan shall be determined by the Committee, and all such determinations shall be final and conclusive.

(b) Indemnity. No member of the Committee shall be directly or indirectly responsible or under any liability by reason of any action or default by him as a member of the Committee, or the exercise of or failure to exercise any power or discretion as such member. No member of the Committee shall be liable in any way for the acts or defaults of any other member of the Committee, or any of its advisors, agents or representatives. The Company shall indemnify and save harmless each member of the Committee against any and all expenses and liabilities arising out of his own membership on the Committee.

(c) Compensation and Expenses. Members of the Committee shall receive no separate compensation for services other than compensation for their services as members of the Board of Directors, which compensation can include compensation for services at any committee meeting attended in their capacity as members of the Board of Directors. Members of the Committee shall be entitled to receive their reasonable expenses incurred in administering the Plan. Any such expenses, as well as extraordinary expenses authorized by the Company, shall be paid by the Company.

(d) Participant Information. The Company shall furnish to the Committee in writing all information the Company deems appropriate for the Committee to exercise its powers and duties in administration of the Plan. Such information shall be conclusive for all purposes of the Plan and the Committee shall be entitled to rely thereon without any investigation thereof; provided, however, that the Committee may correct any errors discovered in any such information.

(e) Inspection of Documents. The Committee shall make available to each Participant, for examination at the principal office of the Company (or at such other location as may be determined by the Committee), a copy of the Plan and such of its records, or copies thereof, as may pertain to any benefits of such Participant under the Plan.

8. EFFECTIVE DATE, TERMINATION AND AMENDMENT

(a) Effective Date of Participation in Plan. Subject to shareholder and Committee approval of the Plan, participation in this Plan shall be effective as of July 1, 1996 and shall continue thereafter until the Plan is terminated.

(b) Amendment and Termination of the Plan. The Plan may be terminated or revoked by the Company at any time and amended by the Company from time to time, provided that neither the termination, revocation or amendment of the Plan may, without the written approval of the Participant, reduce the amount of a bonus payment that is due, but has not yet been paid, and provided further that no changes that would increase the amount of bonuses determined under provisions of the Plan shall be effective without approval by the Committee and without disclosure to and approval by the shareholders of the Company in a separate vote prior to payment of such bonuses. In addition, the Plan may be modified or amended by the Committee, as it deems appropriate, in order to comply with any rules, regulations or other guidance promulgated by the Internal Revenue Service with respect to applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), as they relate to the exemption for "performance-based compensation" under the limitations on the deductibility of compensation imposed under Code Section 162(m).

9. MISCELLANEOUS PROVISIONS

(a) Unsecured Creditor Status. A Participant entitled to a bonus payment hereunder, shall rely solely upon the unsecured promise of the Company, as set forth herein, for the payment thereof, and nothing herein contained shall be construed to give to or vest in a Participant or any other person now or at any time in the future, any right, title, interest, or claim in or to any specific asset, fund, reserve, account, insurance or annuity policy or contract, or other property of any kind whatever owned by the Company, or in which the Company may have any right, title, or interest, nor or at any time in the future.

(b) Other Company Plans. It is agreed and understood that any benefits under this Plan are in addition to any and all benefits to which a Participant may otherwise be entitled under any other contract, arrangement, or voluntary pension, profit sharing or other compensation plan of the Company, whether funded or unfunded, and that this Plan shall not affect or impair the rights or obligations of the Company or a Participant under any other such contract, arrangement, or voluntary pension, profit sharing or other compensation plan.

(c) Separability. If any term or condition of the Plan shall be invalid or unenforceable to any extent or in any application, then the remainder of the Plan, with the exception of such invalid or unenforceable provision, shall not be affected thereby, and shall continue in effect and application to its fullest extent.

(d) Continued Employment. Neither the establishment of the Plan, any provisions of the Plan, nor any action of the Committee shall be held or construed to confer upon any Participant the right to a continuation of employment by the Company. The Company reserves the right to dismiss any employee (including a Participant), or otherwise deal with any employee (including a Participant) to the same extent as though the Plan had not been adopted.

(e) Incapacity. If the Committee determines that a Participant is unable to care for his affairs because of illness or accident, any benefit due such Participant under the Plan may be paid to his spouse, child, parent, or any other person deemed by the Committee to have incurred expense for such Participant (including a duly appointed guardian, committee, or other legal representative), and any such payment shall be a complete discharge of the Company's obligation hereunder.

(g) Jurisdiction. The Plan shall be construed, administered, and enforced according to the laws of the Commonwealth of Pennsylvania, except to the extent that such laws are preempted by the Federal laws of the United States of America.

(h) Withholding. The Participant shall make appropriate arrangements with the Company for satisfaction of any federal, state or local income tax withholding requirements and Social Security or other tax requirements applicable to the accrual or payment of benefits under the Plan. If no other arrangements are made, the Company may provide, at its discretion, for any withholding and tax payments as may be required.

List of Subsidiaries

Amcell - Tel, Inc.

Amcell Holding Corp.

Amcell of Atlantic City, Inc.

Amcell of Cumberland County, Inc.

Amcell of Hunterdon, Inc.

Amcell of Ocean County, Inc.

Amcell of Pennsylvania Holdings, Inc.

Amcell of Trenton, Inc.

Amcell of Vineland Holdings, Inc.

American Cellular Network Corp.

American Cellular Network Corp. of Delaware

American Cellular Network Corp. of Maryland

American Cellular Network Corp. of Pennsylvania

Anglia Cable Communications Limited

At Home Entertainment, Inc.

Automated Information Services of Phoenix Limited Partnership

AWACS Financial Corporation

AWACS Garden State, Inc.

AWACS Investment Holdings, Inc.

AWACS Purchasing Corporation

AWACS Retail Stores, Inc.

AWACS, Inc.

Box Office Enterprises, Inc.

Cable Enterprises, Inc.

Cable Shopping Mall, Inc.

Cablevision Investment of Detroit, Inc.

California Ad Sales, Inc.

Cambridge Cable Limited

Cambridge Holding Company Limited

CDirect Mexico I, Inc.

CDirect Mexico II, Inc.

Century Cable Limited

Classic Services, Inc.

Clinton Cable TV Investors, Inc.

Coastal Cable TV, Inc.

COM Indiana, Inc.

COM Indianapolis, Inc.

COM Inkster, Inc.

COM Maryland, Inc.

COM MH, Inc.

COM Philadelphia, Inc.

COM South, Inc.

COM Sports Holding Company, Inc.

COM Sports Ventures, Inc.

COM Telephony Services, Inc.

Comcast Argentina, Inc.

Comcast Australia, Inc.

Comcast Brazil, Inc.

Comcast Business Online Communications, Inc.

Comcast Business Telephony Services, Inc.

Comcast Cable Communications, Inc.

Comcast Cable Communications, Inc.

Comcast Cable Funding, Inc.

Comcast Cable Guide, Inc.

Comcast Cable Investors, Inc.

Comcast Cable of Indiana, Inc.

Comcast Cable of Maryland, Inc.

Comcast Cable Tri-Holdings, Inc.

Comcast CablePhone, Inc.

Comcast Cablevision Corporation of Alabama

Comcast Cablevision Corporation of California

Comcast Cablevision Corporation of Connecticut

Comcast Cablevision Corporation of Florida

Comcast Cablevision Corporation of the Southeast

Comcast Cablevision Investment Corporation

Comcast Cablevision of Arkansas, Inc.

Comcast Cablevision of Birmingham, Inc.

Comcast Cablevision of Boca Raton, Inc.

Comcast Cablevision of Broward County, Inc.

Comcast Cablevision of Bryant, Inc.

Comcast Cablevision of Burlington County, Inc.

Comcast Cablevision of Cambridge, Inc.

Comcast Cablevision of Carolina, Inc.

Comcast Cablevision of Central New Jersey, Inc.

Comcast Cablevision of Chesterfield County, Inc.

Comcast Cablevision of Clinton

Comcast Cablevision of Clinton, Inc.

Comcast Cablevision of Clinton, Inc.

Comcast Cablevision of Danbury, Inc.

Comcast Cablevision of Delmarva, Inc.

Comcast Cablevision of Detroit

Comcast Cablevision of Detroit, Inc.

Comcast Cablevision of Dothan, Inc.

Comcast Cablevision of Flint, Inc.

Comcast Cablevision of Fontana, Inc.

Comcast Cablevision of Fort Wayne Limited Partnership

Comcast Cablevision of Gadsden, Inc.

Comcast Cablevision of Garden State, Inc.

Comcast Cablevision of Gloucester County, Inc.

Comcast Cablevision of Grosse Pointe, Inc.

Comcast Cablevision of Groton, Inc.

Comcast Cablevision of Hallandale, Inc.

Comcast Cablevision of Harford County, Inc.

Comcast Cablevision of Hopewell Valley, Inc.

Comcast Cablevision of Huntsville, Inc.

Comcast Cablevision of Indianapolis, Inc.

Comcast Cablevision of Indianapolis, L.P.

Comcast Cablevision of Inkster Limited Partnership

Comcast Cablevision of Inland Valley, Inc.

Comcast Cablevision of Jersey City, Inc.

Comcast Cablevision of Laurel, Inc.

Comcast Cablevision of Lawrence, Inc.

Comcast Cablevision of Little Rock, Inc.

Comcast Cablevision of Lompoc, Inc.

Comcast Cablevision of London, Inc.

Comcast Cablevision of Lower Merion, Inc.

Comcast Cablevision of Macomb County, Inc.

Comcast Cablevision of Macomb, Inc.

Comcast Cablevision of Marianna, Inc.

Comcast Cablevision of Maryland Limited Partnership

Comcast Cablevision of Mercer County, Inc.

Comcast Cablevision of Meridian, Inc.

Comcast Cablevision of Middletown, Inc.

Comcast Cablevision of Mobile, Inc.

Comcast Cablevision of Monmouth County, Inc.

Comcast Cablevision of Mt. Clemens

Comcast Cablevision of Mt. Clemens, Inc.

Comcast Cablevision of New Haven, Inc.

Comcast Cablevision of New Haven, Inc.

Comcast Cablevision of New Jersey, Inc.

Comcast Cablevision of Newport Beach, Inc.

Comcast Cablevision of North Orange, Inc.

Comcast Cablevision of Northwest New Jersey, Inc.

Comcast Cablevision of Oakland County, Inc.

Comcast Cablevision of Ocean County, Inc.

Comcast Cablevision of Paducah, Inc.

Comcast Cablevision of Panama City, Inc.

Comcast Cablevision of Perry, Inc.

Comcast Cablevision of Philadelphia, Inc.

Comcast Cablevision of Philadelphia, L.P.

Comcast Cablevision of Plainfield, Inc.

Comcast Cablevision of Quincy, Inc.

Comcast Cablevision of Sacramento, Inc.

Comcast Cablevision of San Bernardino, Inc.

Comcast Cablevision of Santa Ana, Inc.

Comcast Cablevision of Santa Maria, Inc.

Comcast Cablevision of Seal Beach, Inc.

Comcast Cablevision of Shelby, Inc.

Comcast Cablevision of Simi Valley, Inc.

Comcast Cablevision of Southeast Michigan, Inc.

Comcast Cablevision of Sterling Heights, Inc.

Comcast Cablevision of Tallahassee, Inc.

Comcast Cablevision of Taylor, Inc.

Comcast Cablevision of the Meadowlands, Inc.

Comcast Cablevision of the Shoals, Inc.

Comcast Cablevision of the South

Comcast Cablevision of the South, Inc.

Comcast Cablevision of Tupelo, Inc.

Comcast Cablevision of Tuscaloosa, Inc.

Comcast Cablevision of Utica, Inc.

Comcast Cablevision of Warren

Comcast Cablevision of Warren, Inc.

Comcast Cablevision of West Florida, Inc.

Comcast Cablevision of West Palm Beach, Inc.

Comcast Cablevision of Westmoreland, Inc.

Comcast Cablevision of Willow Grove, Inc.

Comcast CAP of Philadelphia Holdings, Inc.

Comcast CAP of Philadelphia, Inc.

Comcast Cellular Communications, Inc.

Comcast Cellular Communications, Inc.

Comcast Cellular Corporation

Comcast Cellular Holding Company, Inc.

Comcast Cellular Partnership Holding Company, Inc.

Comcast Central Europe, Inc.

Comcast Central NJ Holding Company Inc.

Comcast CitySearch, Inc.

Comcast Communications Properties, Inc.

Comcast Consulting Company, Inc.

Comcast Content & Communications Corporation

Comcast Crystalvision, Inc.

Comcast Darlington Limited

Comcast DBS, Inc.

Comcast DC Radio, Inc.

Comcast Delaware Services, Inc.

Comcast Directory Assistance Partnership

Comcast Directory Services, Inc.

Comcast do Brasil S/C Ltda.

Comcast Europe Holdings, Inc.

Comcast FCI, Inc.

Comcast Financial Agency Corporation

Comcast Financial Corporation

Comcast France Holdings, Inc.

Comcast Funding, Inc.

Comcast FW, Inc.

Comcast Garden State, Inc.

Comcast Hattiesburg Holding Company, Inc.

Comcast Heritage, Inc.

Comcast Holdings, Inc.

Comcast IAP, Inc.

Comcast ICG, Inc.

Comcast International Holdings, Inc.

Comcast International Programming, Inc.

Comcast Internet Access Services, Inc.

Comcast Internet Services, Inc.

Comcast Investment Holdings, Inc.

Comcast ISD, Inc.

Comcast Java, Inc.

Comcast Learning Ventures, Inc.

Comcast Long Distance, Inc.

Comcast Management Corporation

Comcast Merger, Inc.

Comcast Mexico, Inc.

Comcast MH Holdings, Inc.

Comcast MH Online Communications, Inc.

Comcast MH Telephony Communications of Florida, Inc.

Comcast MH Telephony Communications of Michigan, Inc.

Comcast MH Telephony Communications of New Jersey, Inc.

Comcast MHCP Holdings, L.L.C.

Comcast Michigan Holdings, Inc.

Comcast Midwest Management, Inc.

Comcast MLP Partner, Inc.

Comcast MTV, Inc.

Comcast Multicable Media, Inc.

Comcast Network Communications of Southern New Jersey, Inc.

Comcast Network Communications, Inc.

Comcast Online Communications, Inc.

Comcast Online Holdings, Inc.

Comcast PC Communications, Inc.

Comcast PC Investments, Inc.

Comcast PCS Communications, Inc.

Comcast Philadelphia Interconnect Partner, Inc.

Comcast Prism, Inc.

Comcast Programming Holdings, Inc.

Comcast Programming Ventures, Inc.

Comcast PTK, Inc.

Comcast Publishing Holdings Corporation

Comcast Publishing Holdings Financial Corporation

Comcast QVC, Inc.

Comcast Real Estate Holdings of Alabama, Inc.

Comcast Real Estate Holdings, Inc.

Comcast RSA, Inc.

Comcast RVC, Inc.

Comcast RVC, Limited

Comcast Satellite Communications, Inc.

Comcast SCH Holdings, Inc.

Comcast Sound Communications, Inc.

Comcast Sound Communications, Inc.

Comcast Sound Corporation

Comcast Spectacor, L.P.

Comcast Sports Holding Company, Inc.

Comcast Storer Finance Sub, Inc.

Comcast Storer, Inc.

Comcast Technology, Inc.

Comcast Teesside Limited

Comcast Telephony Communications of California, Inc.

Comcast Telephony Communications of Delaware, Inc.

Comcast Telephony Communications of Florida, Inc.

Comcast Telephony Communications of Georgia, Inc.

Comcast Telephony Communications of Indiana, Inc.

Comcast Telephony Communications of Maryland, Inc.

Comcast Telephony Communications of Michigan, Inc.

Comcast Telephony Communications of New Jersey, Inc.

Comcast Telephony Communications of Pennsylvania, Inc.

Comcast Telephony Communications, Inc.

Comcast Telephony Services

Comcast Telephony Services Holdings, Inc.

Comcast Telephony Services II, Inc.

Comcast Telephony Services, Inc.

Comcast Teleport, Inc.

Comcast TM, Inc.

Comcast U.K. Consulting, Inc.

Comcast U.K. Holdings, Inc.

Comcast UK Cable Partners Consulting, Inc.

Comcast UK Cable Partners Limited

Comcast UK Programming Limited

Comcast Venezuela PCS, Inc.

ComCon Production Services I, Inc.

ComCon Production Services II, Inc.

ComCon Production Services III, Inc.

ComCon Production Services IV, Inc.

CSNJ Merger Co., Inc.

CVN Companies, Inc.

CVN Direct Marketing Corp.

CVN Distribution Co., Inc.

CVN Management, Inc.

CVN Michigan, Inc.

DCCS S.A.

Deonica S.A.

Diamonique Corporation

Diamonique Corporation

Dinara S.A.

East Coast Cable Limited

East Rutherford Realty, Inc.

Eastern TeleLogic Corporation

EZShop International, Inc.

First Television Corporation

Florida Telecommunications Services, Inc.

Hebcom Enterprises, Inc.

Hebenstreit Communications Corporation

Hebenstreit Communications Dallas Limited Partnership

Hebenstreit Communications of Philadelphia-Wilmington Limited

Partnership

Innovative Retailing, Inc.

Liberty City Funding Corporation

Long Branch Cellular Telephone Company

M H Lightnet Inc.

Mobile Enterprises, Inc.

Mt. Clemens Cable TV Investors, Inc.

MTCB S.A.

Multicast do Brazil S.A.

Multiview Cable Corporation

New Brunswick Cellular Telephone Company

New England Microwave, Inc.

New Hope Cable TV, Inc.

Ocean County Cellular Telephone Company

Pa-Thai Corporation

PAHL, Inc.

PAHL, L.P.

Pattison Development, Inc.

Pattison Realty, Inc.

Philadelphia 76ers, Inc.

Philadelphia 76ers, L.P.

Philadelphia Cable Investment Corporation

Philadelphia Flyers Enterprises Company

Philadelphia Sports Media Joint Venture

Q The Music, Inc.

Q2 Inc.

QDirect Ventures, Inc.

QExhibits, Inc.

QFlight, Inc.

QVC

QVC - QRT, Inc.

QVC Britain

QVC Britain I, Inc.

QVC Britain II, Inc.

QVC Britain III, Inc.

QVC Canada Holdings II Ltd.

QVC Canada Holdings Ltd.

QVC Chesapeake, Inc.

QVC de Mexico de C.V.

QVC Delaware, Inc.

QVC Deutschland GMBH

QVC Germany I, Inc.

QVC Germany II, Inc.

QVC Holdings, Inc.

QVC International, Inc.

QVC Local, Inc.

QVC Mexico II, Inc.

QVC Mexico III, Inc.

QVC Mexico, Inc.

QVC Middle East, Inc.

QVC Network of Colorado, Inc.

QVC NS Holding Company

QVC of Thailand, Inc.

QVC Realty, Inc.

QVC San Antonio, Inc.

QVC Virginia, Inc.

QVC, Inc.

SCI 11, Inc.

SCI 34, Inc.

SCI 36, Inc.

SCI 37, Inc.

SCI 38, Inc.

SCI 39, Inc.

SCI 44, Inc.

SCI 48, Inc.

SCI 55, Inc.

Selkirk Communications (Delaware) Corporation

Selkirk Systems, Inc.

Southern East Anglia Cable Limited

Spectacor Adjoining Real Estate New Arena, L.P.

Spectrum Arena Limited Partnership

Storer Administration, Inc.

Storer Broadcast Finance Corp.

Storer Cable Advertising Sales, Inc.

Storer Cable TV of Radnor, Inc.

Storer Communications, Inc.

Storer Disbursements, Inc.

Storer Finance Corp.

Westmoreland Financial Corporation

Wilmington Cellular Telephone Company

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report dated October 17, 1995 on Garden State Cablevision L.P., incorporated by reference in Comcast Corporation's Form 10-K for the year ended December 31, 1996, into Comcast Corporation's previously filed Registration Statement File No. 33-41440; File No. 33-63223; File No. 33-54365; File No. 33-25105; File No. 33-56903; File No. 33-40386; File No. 33-46988; File No. 33-57410; File No. 33-50785; File No. 333-06161; File No. 333-08577 and File No. 333-18715.

/s/ Arthur Andersen LLP

Philadelphia, Pa.,
March 26, 1997

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report dated February 17, 1995 on Comcast International Holdings, Inc. and subsidiaries, incorporated by reference in Comcast Corporation's Form 10-K for the year ended December 31, 1996, into Comcast Corporation's previously filed Registration Statement File No. 33-41440; File No. 33-63223; File No. 33-54365; File No. 33-25105; File No. 33-56903; File No. 33-40386; File No. 33-46988; File No. 33-57410; File No. 33-50785; File No. 333-06161; File No. 333-08577 and File No. 333-18715.

/s/ Arthur Andersen LLP

Philadelphia, Pa.,
March 26, 1997

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report dated February 3, 1995 on Birmingham Cable Corporation Limited and subsidiaries, incorporated by reference in Comcast Corporation's Form 10-K for the year ended December 31, 1996, into Comcast Corporation's previously filed Registration Statement File No. 33-41440; File No. 33-63223; File No. 33-54365; File No. 33-25105; File No. 33-56903; File No. 33-40386; File No. 33-46988; File No. 33-57410; File No. 33-50785; File No. 333-06161; File No. 333-08577 and File No. 333-18715.

/s/ ARTHUR ANDERSEN

Birmingham, England
March 26, 1997

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report dated February 3, 1995 on Cable London PLC and subsidiaries, incorporated by reference in Comcast Corporation's Form 10-K for the year ended December 31, 1996, into Comcast Corporation's previously filed Registration Statement File No. 33-41440; File No. 33-63223; File No. 33-54365; File No. 33-25105; File No. 33-56903; File No. 33-40386; File No. 33-46988; File No. 33-57410; File No. 33-50785; File No. 333-06161; File No. 333-08577 and File No. 333-18715.

/s/ ARTHUR ANDERSEN

London, England
March 26, 1997

INDEPENDENT AUDITORS' CONSENT AND REPORT ON SCHEDULES

We consent to the incorporation by reference in the following Registration Statements of Comcast Corporation and its subsidiaries (the "Company") on Form S-3 and S-8 of our report dated February 28, 1997 appearing in the Annual Report on Form 10-K of Comcast Corporation and its subsidiaries for the year ended December 31, 1996 and to the reference to us under the heading "Experts" in the Prospectus contained in the following Registration Statements.

Registration Statements on Form S-8:

Title of Securities Registered	Registration Statement Number
The Comcast Corporation Retirement Investment Plan	33-41440
The Comcast Corporation Retirement Investment Plan	33-63223
Storer Communications Retirement Savings Plan	33-54365
Stock Option Plans	33-25105
Stock Option Plans	33-56903
The 1996 Comcast Corporation Stock Option Plan	333-08577
The 1996 Comcast Corporation Deferred Compensation Plan	333-18715

Registration Statements on Form S-3:

Title of Securities Registered	
Senior Debentures; Senior Subordinated Debentures; Subordinated Debentures; Preferred Stock, without par value; Depository Shares representing Preferred Stock; Class A Common Stock, $1.00 par value; Class A Special Common Stock, $1.00 par value and Warrants	33-40386
Class A Special Common Stock, $1.00 par value	33-46988
Senior Debentures, Senior Subordinated Debentures and Subordinated Debentures	33-57410
Senior Debentures; Senior Subordinated Debentures; Subordinated Debentures; Preferred Stock, without par value; Depository Shares representing Preferred Stock; Class A Common Stock, $1.00 par value; Class A Special Common Stock, $1.00 par value and Warrants	33-50785
Class A Special Common Stock, par value $1.00 per share	333-06161

Our audits of the financial statements referred to in our aforementioned report also included the financial statement schedules of the Company, listed in Item 14(b)(i). These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

/s/ Deloitte & Touche LLP

March 27, 1997
Philadelphia, Pennsylvania

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in the following Registration Statements of Comcast Corporation and its subsidiaries on Forms S-3 and S-8 of our report dated March 14, 1997 on the consolidated financial statements of Sprint Spectrum Holding Company, L.P. and subsidiaries (which expresses an unqualified opinion and includes an explanatory paragraph referring to the developmental stage of Sprint Spectrum Holding Company, L.P. and subsidiaries) for each of the two years in the period ended December 31, 1996, for the period from October 24, 1994 (date of inception) to December 31, 1994 and for the cumulative period from October 24, 1994 (date of inception) to December 31, 1996 appearing in the Annual Report on Form 10-K of Comcast Corporation and its subsidiaries for the year ended December 31, 1996.

Title of Securities Registered	Registration Statement Form	Registration Statement Number
The Comcast Corporation Retirement Investment Plan	S-8	33-41440
The Comcast Corporation Retirement Investment Plan	S-8	33-63223
Storer Communications Retirement Savings Plan	S-8	33-54365
Stock Option Plans	S-8	33-25105
Stock Option Plans	S-8	33-56903
The 1996 Comcast Corporation Stock Option Plan	S-8	333-08577
The 1996 Comcast Corporation Deferred Compensation Plan	S-8	333-18715
Senior Debentures; Senior Subordinated Debentures; Subordinated Debentures; Preferred Stock, without par value; Depository Shares representing Preferred Stock; Class A Common Stock, $1.00 par value; Class A Special Common Stock, $1.00 par value and Warrants	S-3	33-40386
Class A Special Common Stock, $1.00 par value	S-3	33-46988
Senior Debentures, Senior Subordinated Debentures and Subordinated Debentures	S-3	33-57410
Senior Debentures; Senior Subordinated Debentures; Subordinated Debentures; Preferred Stock, without par value; Depository Shares representing Preferred Stock; Class A Common Stock, $1.00 par value; Class A Special Common Stock, $1.00 par value and Warrants	S-3	33-50785
Class A Special Common Stock, par value $1.00 per share	S-3	333-06161

/s/ DELOITTE & TOUCHE LLP

Kansas City, Missouri
March 27, 1997

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this Annual Report on Form 10-K of Comcast Corporation for the year ended December 31, 1996 of our report dated February 21, 1997 (February 28, 1997 and March 1, 1997 as to Note 3), appearing in the Annual Report on Form 10-K of Teleport Communications Group Inc. for the year ended December 31, 1996 and in the following Registration Statements of Comcast Corporation.

Form	File No.
S-8	33-41440
S-8	33-63223
S-8	33-54365
S-8	33-25105
S-8	33-56903
S-8	333-08577
S-8	333-18715
S-3	33-40386
S-3	33-46988
S-3	33-57410
S-3	33-50785
S-3	333-06161

/s/ DELOITTE & TOUCHE LLP

New York, New York

March 28, 1997

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in the following Registration Statements of Comcast Corporation and its subsidiaries (the "Company") on Form S-3 and S-8 of our report on Birmingham Cable Corporation Limited and subsidiaries dated February 28, 1997 (March 12, 1997 as to Note 3), incorporated by reference in the Annual Report on Form 10-K of Comcast Corporation and its subsidiaries for the year ended December 31, 1996.

Registration Statements on Form S-8:

Title of Securities Registered	Registration Statement Number
The Comcast Corporation Retirement Investment Plan	33-41440
The Comcast Corporation Retirement Investment Plan	33-63223
Storer Communications Retirement Savings Plan	33-54365
Stock Option Plans	33-25105
Stock Option Plans	33-56903
The 1996 Comcast Corporation Stock Option Plan	333-08577
The 1996 Comcast Corporation Deferred Compensation Plan	333-18715

Registration Statements on Form S-3:

Title of Securities Registered	
Senior Debentures; Senior Subordinated Debentures; Subordinated Debentures; Preferred Stock, without par value; Depository Shares representing Preferred Stock; Class A Common Stock, $1.00 par value; Class A Special Common Stock, $1.00 par value and Warrants	33-40386
Class A Special Common Stock, $1.00 par value	33-46988
Senior Debentures, Senior Subordinated Debentures and Subordinated Debentures	33-57410
Senior Debentures; Senior Subordinated Debentures; Subordinated Debentures; Preferred Stock, without par value; Depository Shares representing Preferred Stock; Class A Common Stock, $1.00 par value; Class A Special Common Stock, $1.00 par value and Warrants	33-50785
Class A Special Common Stock, par value $1.00 per share	333-06161

/s/ Deloitte & Touche

Birmingham, England
March 26, 1997

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in the following Registration Statements of Comcast Corporation and its subsidiaries (the "Company") on Form S-3 and S-8 of our report on Cable London PLC and subsidiaries dated February 28, 1997, incorporated by reference in the Annual Report on Form 10-K of Comcast Corporation and its subsidiaries for the year ended December 31, 1996.

Registration Statements on Form S-8:

Title of Securities Registered	Registration Statement Number
The Comcast Corporation Retirement Investment Plan	33-41440
The Comcast Corporation Retirement Investment Plan	33-63223
Storer Communications Retirement Savings Plan	33-54365
Stock Option Plans	33-25105
Stock Option Plans	33-56903
The 1996 Comcast Corporation Stock Option Plan	333-08577
The 1996 Comcast Corporation Deferred Compensation Plan	333-18715

Registration Statements on Form S-3:

Title of Securities Registered	
Senior Debentures; Senior Subordinated Debentures; Subordinated Debentures; Preferred Stock, without par value; Depository Shares representing Preferred Stock; Class A Common Stock, $1.00 par value; Class A Special Common Stock, $1.00 par value and Warrants	33-40386
Class A Special Common Stock, $1.00 par value	33-46988
Senior Debentures, Senior Subordinated Debentures and Subordinated Debentures	33-57410
Senior Debentures; Senior Subordinated Debentures; Subordinated Debentures; Preferred Stock, without par value; Depository Shares representing Preferred Stock; Class A Common Stock, $1.00 par value; Class A Special Common Stock, $1.00 par value and Warrants	33-50785
Class A Special Common Stock, par value $1.00 per share	333-06161

/s/ Deloitte & Touche

London, England
March 26, 1997

Consent of Independent Auditors

The Board of Directors
QVC, Inc.:

We consent to the incorporation by reference in the registration statements (Nos. 333-08577, 333-18715, 33-41440, 33-63223, 33-54365, 33-25105, and 33-56903) on Form S-8 and (Nos. 333-06161, 33-40386, 33-46988, 33-57410, and 33-50785) on Form S-3 of Comcast Corporation of our report dated January 31, 1997, with respect to the consolidated balance sheets of QVC, Inc. and subsidiaries as of December 31, 1996 and 1995, and the related consolidated statements of operations, shareholders' equity, and cash flows for the year ended December 31, 1996 and for the eleven-month period ended December 31, 1995 (such consolidated financial statements are not separately presented herein), which report is included as an exhibit to the Form 10-K of Comcast Corporation for the year ended December 31, 1996.

/s/ KPMG Peat Marwick LLP

Philadelphia, Pennsylvania
March 27, 1997

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the Prospectuses constituting part of the Registration Statements (Nos. 33-40386, 33-46988, 33-57410, 33-50785, and 333-06161) on Form S-3, and the Registration Statements (Nos. 33-41440, 33-63223, 33-54365, 33-25105, 33-56903, 333-08577 and 333-18715)on Form S-8 of Comcast Corporation of our report dated March 7, 1997 on the financial statements of American PCS, L.P. (A Delaware Limited Partnership) as of and for the year ended December 31, 1996 referred to in the consolidated financial statements of Sprint Spectrum Holding Company, L.P. and subsidiaries, which appears in the Annual Report on Form 10-K of Comcast Corporation for the year ended December 31, 1996.

/s/ PRICE WATERHOUSE LLP

Washington, DC
March 25, 1997

This schedule contains summary financial information extracted from the
consolidated statement of operations and consolidated balance sheet and is
qualified in its entirety by reference to such financial statements.

0000022301
COMCAST CORPORATION
1,000,000

YEAR
DEC-31-1996
DEC-31-1996
331
208
536
(97)
258
1,406
3,600
(1,061)
12,089
1,365
7,103
0
32
326
194
12,089
4,038
4,038
(1,111)
(3,530)
(145)
0
(541)
(16)
(84)
(53)
0
(1)
0
(54)
(.21)
(.21)

loss before income tax expense and other items excludes the effect of
minority interests, net of tax, of $48.0.

Independent Auditors' Report

The Board of Directors
QVC, Inc.:

We have audited the consolidated balance sheets of QVC, Inc. and subsidiaries as of December 31, 1996 and 1995, and the related consolidated statements of operations, shareholders' equity and cash flows for the year ended December 31, 1996 and for the eleven-month period ended December 31, 1995 (such consolidated financial statements are not separately presented herein). These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of QVC, Inc. and subsidiaries as of December 31, 1996 and 1995, and the results of their operations and their cash flows for the year ended December 31, 1996 and for the eleven-month period ended December 31, 1995, in conformity with generally accepted accounting principles.

/s/ KPMG Peat Marwick LLP

Philadelphia, Pennsylvania
January 31, 1997

SPRINT SPECTRUM HOLDING
COMPANY, L.P. AND SUBSIDIARIES
(A Development Stage Enterprise)

Consolidated Financial Statements for the Years Ended December 31, 1996 and 1995, for the Period from October 24, 1994 (date of inception) to December 31, 1994 and for the Cumulative Period from October 24, 1994 (date of inception) to December 31, 1996, and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

Partners of Sprint Spectrum Holding Company, L.P.
Kansas City, Missouri

We have audited the accompanying consolidated balance sheets of Sprint Spectrum Holding Company, L.P. and subsidiaries (the "Partnership"), development stage enterprises, as of December 31, 1996 and 1995, and the related consolidated statements of operations, changes in partners' capital and cash flows for each of the two years in the period ended December 31, 1996, for the period from October 24, 1994 (date of inception) to December 31, 1994 and for the cumulative period from October 24, 1994 (date of inception) to December 31, 1996. These consolidated financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the 1996 financial statements of American PCS, L.P. ("APC") an investment of the Partnership which is accounted for by use of the equity method. The Partnership's share of APC's net loss for the year ended December 31, 1996 was $96,850,000 and is included in the accompanying consolidated financial statements. The financial statements of APC were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for APC, is based solely on the reports of such other auditors.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, such consolidated financial statements present fairly, in all material respects, the consolidated financial position of Sprint Spectrum Holding Company, L.P. and subsidiaries at December 31, 1996 and 1995, and the results of their operations and their cash flows for the years then ended and for the period from October 24, 1994 (date of inception) to December 31, 1994 and for the cumulative period from October 24, 1994 (date of inception) to December 31, 1996, in conformity with generally accepted accounting principles.

As discussed in Note 1 to the consolidated financial statements, Sprint Spectrum Holding Company, L.P. and its subsidiaries are in the development stage as of December 31, 1996.

/s/ DELOITTE & TOUCHE LLP

Kansas City, Missouri
March 14, 1997

REPORT OF INDEPENDENT ACCOUNTANTS

In our opinion, the balance sheet and the related statements of loss, of changes in partners' capital and cash flows (not presented separately herein) present fairly, in all material respects, the financial position of American PCS, L.P. at December 31, 1996, and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Partnership's management; our responsibility is to express an opinion on these financial statments based on our audit. We conducted our audit of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the opinion expressed above.

/s/ PRICE WATERHOUSE LLP

Washington, DC
March 7, 1997

SPRINT SPECTRUM HOLDING COMPANY, L.P. AND SUBSIDIARIES
(A Development Stage Enterprise)
CONSOLIDATED BALANCE SHEETS
(In Thousands)

	December 31, 1996	December 31, 1995
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 69,988	$ 1,123
Accounts receivable, net	3,310	--
Receivable from affiliates	12,901	340
Inventory	72,414	--
Prepaid expenses and other assets, net	14,260	188
Note receivable--unconsolidated partnership	226,670	655
Total current assets	399,543	2,306
INVESTMENT IN PCS LICENSES, net	2,122,908	2,124,594
INVESTMENTS IN UNCONSOLIDATED PARTNERSHIPS	179,085	85,546
PROPERTY, PLANT AND EQUIPMENT, net	1,408,680	31,897
MICROWAVE RELOCATION COSTS, net	135,802	--
OTHER ASSETS, net	77,383	--
TOTAL ASSETS	$4,323,401	$2,244,343
LIABILITIES AND PARTNERS' CAPITAL		
CURRENT LIABILITIES:		
Advances from partners	$ 167,818	$ --
Accounts payable	196,146	41,950
Payable to affiliate	5,626	7,598
Accrued expenses	81,230	1,700
Current maturities of long-term debt	49	--
Total current liabilities	450,869	51,248
LONG-TERM COMPENSATION OBLIGATION	11,356	1,856
CONSTRUCTION OBLIGATIONS	714,934	--
LONG-TERM DEBT	686,192	--
COMMITMENTS AND CONTINGENCIES		
LIMITED PARTNER INTEREST IN CONSOLIDATED SUBSIDIARY	13,397	13,170
PARTNERS' CAPITAL AND ACCUMULATED DEFICIT:		
Partners' capital	3,003,484	2,291,806
Deficit accumulated during the development stage	(556,831)	(113,737)
Total partners' capital	2,446,653	2,178,069
TOTAL LIABILITIES AND PARTNERS' CAPITAL	$4,323,401	$2,244,343

See notes to consolidated financial statements

SPRINT SPECTRUM HOLDING COMPANY, L.P. AND SUBSIDIARIES
(A Development Stage Enterprise)
CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands)

	Year Ended December 31, 1996	Year Ended December 31, 1995	Period from October 24, 1994 (date of inception) to December 31, 1994	Cumulative Period from October 24, 1994 (date of inception) to December 31, 1996
OPERATING REVENUES:				
Service	$ 33	$ --	$ --	$ 33
Equipment	4,142	--	--	4,142
Total operating revenues	4,175	--	--	4,175
OPERATING EXPENSES:				
Cost of service	21,928	--	--	21,928
Cost of equipment	14,148	--	--	14,148
Selling	38,345	145	--	38,490
General and administrative	274,352	66,195	3,294	343,841
Depreciation and amortization	11,275	211	38	11,524
Total operating expenses	360,048	66,551	3,332	429,931
LOSS FROM OPERATIONS	(355,873)	(66,551)	(3,332)	(425,756)
OTHER INCOME (EXPENSE):				
Interest income	8,593	460	24	9,077
Interest expense, net	(323)	--	--	(323)
Other income	1,586	38	--	1,624
Equity in loss of unconsolidated partnership	(96,850)	(46,206)	--	(143,056)
Limited partner interest in net loss of consolidated subsidiary	(227)	1,830	--	1,603
Total other income (expense)	(87,221)	(43,878)	24	(131,075)
NET LOSS	$(443,094)	$(110,429)	$ (3,308)	$(556,831)

See notes to consolidated financial statements

SPRINT SPECTRUM HOLDING COMPANY, L.P. AND SUBSIDIARIES
(A Development Stage Enterprise)
CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERS' CAPITAL
(In Thousands)

	Partners' Capital	Accumulated Deficit	Total
BALANCE, October 24, 1994	$ --	$ --	$ --
Contributions of capital .	123,438	--	123,438
Net loss	--	(3,308)	(3,308)
BALANCE, December 31, 1994	123,438	(3,308)	120,130
Contributions of capital .	2,168,368	--	2,168,368
Net loss	--	(110,429)	(110,429)
BALANCE, December 31, 1995	2,291,806	(113,737)	2,178,069
Contributions of capital .	711,678	--	711,678
Net loss	--	(443,094)	(443,094)
BALANCE, December 31, 1996	$ 3,003,484	$ (556,831)	$ 2,446,653

See notes to consolidated financial statements

SPRINT SPECTRUM HOLDING COMPANY, L.P. AND SUBSIDIARIES
(A Development Stage Enterprise)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	Year Ended December 31, 1996	Year Ended December 31, 1995	Period from October 24, 1994 (date of inception) to December 31, 1994	Cumulative Period from October 24, 1994 (date of inception) to December 31, 1996
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss	$ (443,094)	$ (110,429)	$ (3,308)	$ (556,831)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Equity in loss of unconsolidated partnership	96,850	46,206	--	143,056
Limited partner interest in net loss of consolidated subsidiary	227	(1,830)	--	(1,603)
Depreciation and amortization	11,275	211	38	11,524
Amortization of debt discount and issuance costs	14,008	--	--	14,008
Loss on disposal of non-network equipment	--	31	--	31
Changes in assets and liabilities:				
Receivables	(15,871)	(340)	--	(16,211)
Inventory	(72,414)	--	--	(72,414)
Prepaid expenses and other assets	(21,608)	(178)	(10)	(21,796)
Accounts payable and accrued expenses	231,754	47,503	3,745	283,002
Long-term compensation obligation	9,500	1,856	--	11,356
Net cash provided by (used in) operating activities	(189,373)	(16,970)	465	(205,878)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Capital expenditures	(683,886)	(31,763)	(451)	(716,100)
Proceeds on sale of equipment	--	37	--	37
Microwave relocation costs	(123,354)	--	--	(123,354)
Purchase of PCS licenses	--	(2,006,156)	(118,438)	(2,124,594)
Investment in unconsolidated partnerships	(190,390)	(131,752)	--	(322,142)
Loan to unconsolidated partnership	(231,964)	(655)	--	(232,619)
Payment received on loan to unconsolidated partnership	5,950	--	--	5,950
Net cash used in investing activities	(1,223,644)	(2,170,289)	(118,889)	(3,512,822)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Advances from partners	167,818	--	--	167,818
Proceeds from issuance of long-term debt	674,201	--	--	674,201
Payments on long-term debt	(24)	--	--	(24)
Debt issuance costs	(71,791)	--	--	(71,791)
Partner capital contributions	711,678	2,183,368	123,438	3,018,484
Net cash provided by financing activities	1,481,882	2,183,368	123,438	3,788,688
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	68,865	(3,891)	5,014	69,988
CASH AND CASH EQUIVALENTS, Beginning of Period	1,123	5,014	--	--
CASH AND CASH EQUIVALENTS, End of Period	$ 69,988	$ 1,123	$ 5,014	$ 69,988
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
o Interest paid, net of amount capitalized	$ 323	$ --	$ --	$ 323

NON-CASH INVESTING ACTIVITIES:

- o Capital expenditures and microwave relocation costs of $807,241 for the year ended December 31, 1996 are net of construction obligations of $714,934.

See notes to consolidated financial statements

1. ORGANIZATION

Sprint Spectrum Holding Company, L.P. (the "Company" and "Holdings") is a limited partnership formed in Delaware on March 28, 1995, by Sprint Enterprises, L.P., TCI Spectrum Holdings, Inc. (formerly known as TCI Telephony Services, Inc. as successor to TCI Network Services), Cox Telephony Partnership and Comcast Telephony Services (together the "Partners"). Holdings was formed pursuant to a reorganization of the operations of an existing partnership, WirelessCo, L.P. ("WirelessCo") which transferred certain operating functions to Holdings. The Partners are subsidiaries of Sprint Corporation ("Sprint"), Tele-Communications, Inc. ("TCI"), Comcast Corporation ("Comcast") and Cox Communications, Inc. ("Cox", and together with Sprint, TCI and Comcast, the "Parents"), respectively. The Company and certain other affiliated partnerships offer services as Sprint PCS.

The Partners of the Company have the following ownership interests as of December 31, 1996 and 1995:

Sprint Enterprises, L.P.	40%
TCI Spectrum Holdings, Inc.	30%
Cox Telephony Partnership	15%
Comcast Telephony Services	15%

Each Partner's ownership interest consists of a 99% general partner interest and a 1% limited partnership interest.

The Company is consolidated with certain subsidiaries, including NewTelco, L.P. and Sprint Spectrum L.P. which, in turn, has several subsidiaries. Sprint Spectrum L.P.'s subsidiaries are Sprint Spectrum Equipment Company, L.P. ("EquipmentCo"), Sprint Spectrum Realty Company, L.P. ("RealtyCo"), Sprint Spectrum Finance Corporation ("FinCo"), and WirelessCo. MinorCo, L.P. ("MinorCo") held the remaining ownership interests in NewTelco, L.P., Sprint Spectrum L.P., EquipmentCo, RealtyCo and WirelessCo at December 31, 1996. RealtyCo and EquipmentCo were organized on May 15, 1996 for the purpose of holding PCS network-related real estate interests and assets. FinCo was formed on May 20, 1996 to be a co-obligor of the debt obligations discussed in Note 5.

Venture Formation and Affiliated Partnerships - A Joint Venture Formation Agreement (the "Formation Agreement"), dated as of October 24, 1994, and subsequently amended as of March 28, 1995, and January 31, 1996, was entered into by the Parents, pursuant to which the Parents agreed to form certain entities to (i) provide national wireless telecommunications services, including acquisition and development of personal communications service ("PCS") licenses, (ii) develop a PCS wireless system in the Los Angeles-San Diego Major Trading Area ("MTA") and (iii) take certain other actions.

On October 24, 1994, WirelessCo was formed and on March 28, 1995, additional partnerships were formed consisting of Holdings, MinorCo, NewTelco, L.P., and Sprint Spectrum L.P. The Partners' ownership interests in WirelessCo were initially held directly by the Partners as of October 24, 1994, the formation date of WirelessCo, but were subsequently contributed to Holdings and then to Sprint Spectrum L.P. on March 28, 1995.

Prior to July 1, 1996, substantially all wireless operations of Sprint Spectrum L.P. and subsidiaries were conducted at Holdings and substantially all operating assets and liabilities, with the exception of the interest in an unconsolidated subsidiary and the ownership interest in PCS licenses, were held at Holdings. As of July 1, 1996, Holdings transferred these net assets, and assigned agreements related to the wireless operations to which it was a party to Sprint Spectrum L.P., EquipmentCo and RealtyCo.

Sprint Spectrum Holding Company, L.P. (formerly known as MajorCo, L.P.) Partnership Agreement - The Amended and Restated Agreement of Limited Partnership of MajorCo, L.P. (the "MajorCo Agreement"), dated as of January 31, 1996, among Sprint Enterprises, L.P., TCI Spectrum Holdings, Inc., Comcast Telephony Services and Cox Telephony Partnership provides that the purpose of the Company is to engage in wireless communications services. The MajorCo Agreement provides for the governance and administration of partnership business, allocation of profits and losses (including provisions for special and curative allocations), tax allocations, transactions with partners, disposition of partnership interests and other matters.

The MajorCo Agreement generally provides for the allocation of profits and losses according to each Partner's proportionate percentage interest, after giving effect to special allocations. After special allocations, profits are allocated to partners to the extent of and in proportion to cumulative net losses previously allocated. Losses are allocated, after considering special allocations, according to each Partner's allocation of net profits previously allocated.

The MajorCo Agreement provides for a planned capital amount to be contributed by the Partners ("Total Mandatory Contributions"), which represents the sum of $4.2 billion, which includes agreed upon values attributable to the contributions of certain additional PCS licenses by a Partner. The Total Mandatory Contributions amount is required to be contributed in accordance with capital contribution schedules to be set forth in approved annual budgets. The partnership board of Holdings may request capital contributions to be made in the absence of an approved budget or more quickly than provided for in an approved budget, but always subject to the Total Mandatory Contributions limit. The proposed budget for fiscal 1997 has not yet been approved by the partnership board. An additional Amended and Restated Capital Contribution Agreement (the "Amended Agreement") was executed effective October 2, 1996. The Amended Agreement recognizes that through December 31, 1995, approximately $2.2 billion of the Total Mandatory Contributions had been contributed to Sprint Spectrum L.P., and designates that $1.0 billion of the balance of the Total Mandatory Contributions amount shall be contributed to Sprint Spectrum L.P.

At December 31, 1996, approximately $3.0 billion of the Total Mandatory Contributions had been contributed by the Partners to Holdings and its affiliated partnerships, of which $2.6 billion had been contributed to Sprint Spectrum L.P.

Parent Undertaking - Each Parent has entered into an agreement which provides for certain undertakings by each Parent in favor of other Partners and which addresses certain obligations of the Parent pertaining to items including provision of services, confidentiality, foreign ownership, purchasing, restrictions on disposition and certain other matters.

Development Stage Enterprises - The Company and its subsidiaries are development stage enterprises. The success of the Company's development is dependent on a number of business factors, including securing financing to complete network construction and fund initial operations, successfully deploying the PCS network and attaining profitable levels of market demand for Company products and services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The consolidated financial statements have been prepared from the date of inception, October 24, 1994, for WirelessCo, and from the dates of inception, for other consolidated subsidiaries, through December 31, 1996. The assets, liabilities, results of operations and cash flows of entities in which the Company has a controlling interest have been consolidated. All significant intercompany accounts and transactions have been eliminated.

MinorCo, the limited partner, has been allocated approximately $227,000 in income and $1,830,000 of losses incurred by NewTelco, L.P. for the years ended December 31, 1996 and 1995, respectively, as losses in excess of the general partner's capital account (which consisted of $1,000) are to be allocated to the limited partner to the extent of its capital account.

Trademark Agreement - Sprint(R) is a registered trademark of Sprint Communications Company, L.P. and is licensed to the Company on a royalty-free basis pursuant to a trademark license agreement between the Company and Sprint.

Revenue Recognition - Operating revenues for PCS services are recognized as service is rendered. Operating revenues for equipment sales are recognized at the time the equipment is sold to a customer or an unaffiliated agent.

Cash and Cash Equivalents - The Company considers all highly liquid instruments with original maturities of three months or less to be cash equivalents. Under the Company's cash management system, checks issued but not presented to banks frequently result in overdraft balances for accounting purposes and are included in Accounts payable in the consolidated balance sheets.

Accounts Receivable - Accounts receivable are net of an allowance for doubtful accounts of approximately $202,000 at December 31, 1996. No allowance was recorded for the year ended December 31, 1995.

Inventory - Inventory consists of wireless communication equipment (primarily handsets). Inventory is stated at lower of cost or replacement cost. Gains and losses on the sales of handsets are recognized at the time of sale.

Property, Plant and Equipment - Property, plant and equipment are stated at cost. Construction work in progress represents costs incurred to design and construct the PCS network. Repair and maintenance costs are charged to expense as incurred. When network equipment is retired, or otherwise disposed of, its book value, net of salvage, is charged to accumulated depreciation. When non-network equipment is sold, retired or abandoned, the cost and accumulated depreciation are removed from the accounts and any gain or loss is recognized. Property, plant and equipment are depreciated using the straight-line method based on estimated useful lives of the assets. Depreciable lives range from 3 to 20 years.

Investment in PCS Licenses and Other Intangibles - During 1994 and 1995, the Federal Communications Commission ("FCC") auctioned PCS licenses in specific geographic service areas. The FCC grants licenses for terms of up to ten years, and generally grants renewals if the licensee has complied with its license obligations. The Company believes it has and will continue to meet all requirements necessary to secure renewal of its PCS licenses. The Company has also incurred costs associated with microwave relocation in the construction of the PCS network. Amortization of PCS licenses and microwave relocation costs will commence as each service area becomes operational, over estimated useful lives of 40 years. Amortization expense of $1,711,000 is included in Depreciation and amortization expense in the consolidated statement of operations for the year ended December 31, 1996. No amortization expense was recorded in 1995 or 1994. Interest expense capitalized pertaining to the acquisition of the PCS licenses has been included in Property, plant and equipment.

The ongoing value and remaining useful life of intangible assets are subject to periodic evaluation. The Company currently expects the carrying amounts to be fully recoverable. Impairments of intangibles and long-lived assets are assessed based on an undiscounted cash flow methodology.

Capitalized Interest - Interest costs associated with the construction of capital assets incurred during the period of construction are capitalized. The total capitalized in 1996 was approximately $30,461,000. There were no amounts capitalized in 1995 or 1994.

Debt Issuance Costs - Included in Other assets are costs associated with obtaining financing. Such costs are capitalized and amortized to interest expense over the term of the related debt instruments using the effective interest method. Amortization expense for the year ended December 31, 1996 was approximately $1,944,000.

Major Customer - The Company markets its products through multiple distribution channels, including Company-owned retail stores and third-party retail outlets. Sales to one third-party retail customer exceeded 10% of Equipment revenue in the consolidated statement of operations for the year ended December 31, 1996.

Income Taxes - The Company has not provided for federal or state income taxes since such taxes are the responsibility of the individual Partners.

Financial Instruments - The carrying value of the Company's short-term financial instruments, including cash and cash equivalents, receivables from customers and affiliates and accounts payable approximates fair value. The fair value of the Company's long-term debt is based on quoted market prices for the same issues or current rates offered to the Company for similar debt. A summary of the fair value of the Company's long-term debt at December 31, 1996 is included in Note 5.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications - Certain reclassifications have been made to the 1995 and 1994 financial statements to conform to the 1996 financial statement presentation.

3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following at December 31, 1996 and 1995 (in thousands):

	1996	1995
Land	$ 905	$ --
Buildings and leasehold improvements	86,467	--
Office furniture and fixtures	68,210	2,902
Network equipment	255,691	--
Telecommunications plant - construction work in progress	1,006,990	29,200
	1,418,263	32,102
Less accumulated depreciation	(9,583)	(205)
	$ 1,408,680	$ 31,897

4. INVESTMENT IN UNCONSOLIDATED PARTNERSHIPS

American PCS, L.P. - On January 9, 1995, WirelessCo acquired a 49% limited partnership interest in American PCS, L.P. ("APC"). American Personal Communications II, L.P. ("APC II") holds a 51% partnership interest in APC and is the general managing partner. The investment in APC is accounted for under the equity method. Concurrently with the execution of the partnership agreement, the Company entered into an affiliation agreement with APC which provides for the reimbursement of certain allocable costs and payment of affiliate fees. Effective August 31, 1996, WirelessCo's interest in APC, the existing loans to APC, and obligations to provide additional funding to APC were transferred to Holdings pursuant to an amendment to the partnership agreement. Summarized financial information is as follows (in thousands):

	December 31, 1996	December 31, 1995
Total assets.............................	$331,556	$ 237,326
Total liabilities........................	450,690	171,180
Total revenues...........................	71,838	5,153
Net loss.................................	202,626	51,551

The partnership agreement between the Company and APC II specifies that losses are allocated based on percentage ownership interests and certain other factors. In January 1997, the Company and APC II amended the APC partnership agreement with respect to the allocation of profits and losses. For financial reporting purposes, profits and losses are to be allocated in proportion to Holdings' and APC

II's respective partnership interests, except for costs related to stock appreciation rights and interest expense attributable to the FCC interest payments which shall be allocated entirely to APC II.

Holding's investment in APC was approximately $75,546,000 at December 31, 1995. Holdings share of the losses of APC for the year ended December 31, 1996, totaling approximately $96,850,000, has exceeded its investment balance by approximately $20,554,000.

The unamortized excess of the Company's investment over its equity in the underlying net assets of APC at the date of acquisition was approximately $10,139,000. This excess investment has been eliminated as a result of the recognition of Holding's equity in APC's losses. Amortization included in equity in loss of unconsolidated partnership prior to such elimination totaled approximately $128,000 and $240,000 for the years ended December 31, 1996 and 1995, respectively.

The call option in APC acquired on January 9, 1995, provides the Company with the right to purchase an additional interest in APC from APC II in annual increments beginning five years after the initial PCS network build-out is completed. The first increment, an additional 20% of the APC II ownership interest, can be acquired in each of the fifth through seventh years with the remaining interest available for purchase in the eighth through tenth year. APC II also has the right to put a portion of its ownership interest to the Company on an annual basis beginning after the completion of the initial PCS network build-out, through the fifth anniversary date the greater of (i) one-fifth of APC II's initial percentage interest of 51% in APC or (ii) the portion of APC II's interest equal to APC II's obligation for annual FCC payments to be made by APC. The exercise price of the call and put options are based on the Fair Value, as defined, of APC at the date of exercise. The amount recorded at December 31, 1996 and 1995 for such option, net of accumulated amortization, was $9,250,000 and $10,000,000, respectively. As of December 31, 1996, APC II has not exercised any put options. The Company is committed to arrange or provide certain funding for procurement of APC's CDMA network. APC is under a contractual obligation to repay any amounts provided by the Company, plus interest.

During the initial five year build-out period, which began in December 1994, APC II and the Company are obligated as follows: (a) APC II is obligated to make capital contributions in an amount equal to the aggregate principal and interest payments to the FCC, provided APC II has sufficient cash flows or can obtain financing from a third party; (b) if APC II is unable to meet such obligation, the Company is required to contribute the shortfall, upon ten days prior notice. Under certain circumstances, APC II has the right and is obligated to exercise its put right to the extent necessary to fund additional capital contributions; (c) the Company is required to contribute to APC cash necessary for operations up to an amount of approximately $98 million; and (d) the Company is obligated to fund the cash requirements of APC in excess of that described in (a), (b), and (c) above, in the form of either loans or additional capital up to $275 million. As of December 31, 1996, $98 million of equity had been contributed and approximately $232 million of partner advances had been extended, fulfilling the Company's obligations under (c) and (d) above. In January 1997, additional advances of $20 million were extended. All advances were repaid in full in February 1997 and no further obligation for (c) and (d) above exists.

Cox Communications PCS, L.P. - On December 31, 1996, the Company acquired a 49% limited partner interest in Cox Communications PCS, L.P. ("Cox PCS"). Cox Pioneer Partnership ("CPP") holds a 50.5% general and a 0.5% limited partner interest and is the general and managing partner. The investment in Cox PCS is accounted for under the equity method. As of December 31, 1996, approximately $168 million in equity, including $2.45 million to PCS Leasing Co, L.P.

("LeasingCo"), a wholly owned subsidiary of Cox PCS, had been contributed to Cox PCS by the Company. The excess of the Company's investment over its equity in the underlying net assets on December 31, 1996 was approximately $32.7 million. A portion of the initial contribution totaling approximately $23 million was payable at December 31, 1996.

Under the terms of the partnership agreement, CPP and the Company are obligated as follows: (a) if the FCC consents to the assumption and recognition of the license payment obligations by Cox PCS, CPP is obligated to make capital contributions in an amount equal to such liability and related interest; (b) if the FCC does not consent, Cox PCS is obligated to reimburse Cox Communications, Inc. for interest payments exceeding the amount that would have been payable by Cox Communications, Inc. to the FCC had the interest rate been 5.875% through the date that Cox Communications, Inc. completes refinancing of the FCC liability; (c) the Company is obligated to make capital contributions of approximately $369,908,000 to Cox PCS; (d) the Company is not obligated to make any cash capital contributions upon the assumption by Cox PCS of the FCC payment obligations until CPP has contributed cash in an amount equal to the aggregate principal and interest of such obligations; and, (e) CPP and the Company are obligated to make additional capital contributions in an amount equal to such partner's percentage interest times the amount of additional capital contributions being requested. Additionally, the Company acquired a 49% limited partner interest in LeasingCo. LeasingCo is a limited partnership formed to acquire, construct or otherwise develop equipment and other personal property to be leased to Cox PCS. The Company is not obligated to make additional capital contributions beyond the initial funding of approximately $2,450,000.

Concurrently with the execution of the partnership agreement, the Company entered into an affiliation agreement with Cox PCS which provides for the reimbursement of certain allocable costs and payment of affiliate fees. For the year ended December 31, 1996, allocable costs of approximately $7,339,000 are netted against the related operating expense captions in the accompanying consolidated statement of operations and in receivables from affiliates in the consolidated balance sheet. In addition, the Company purchases certain equipment, such as handsets, on behalf of Cox PCS. Receivables from affiliates for handsets and related equipment were approximately $6 million at December 31, 1996.

5. LONG-TERM DEBT AND BORROWING ARRANGEMENTS

Long-term debt consists of the following at of December 31, 1996 (in thousands):

11% Senior Notes due in 2006	$250,000
12 1/2% Senior Discount Notes due in 2006, net of unamortized discount of $214,501	285,499
Credit facility - term loan	150,000
Other	742
Total debt	686,241
Less current maturities	49
Long-term debt	$686,192

Senior Notes and Senior Discount Notes - In August 1996, Sprint Spectrum L.P. and Sprint Spectrum Finance Corporation (together, the "Issuers") issued $250 million aggregate principal amount of 11% Senior Notes due 2006 ("the Senior Notes"), and $500 million aggregate principal amount at maturity of 12 1/2% Senior Discount Notes due 2006 (the "Senior Discount Notes" and, together with the Senior Notes, the "Notes"). The Senior Discount Notes were issued at a discount to their aggregate principal amount at maturity and generated proceeds of approximately $273 million. Cash interest on the Senior Notes will accrue at a rate of 11% per annum and is payable semi-annually in arrears on each February 15 and August 15, commencing February 15, 1997. Cash interest will not accrue or be payable on the Senior Discount Notes prior to August 15, 2001. Thereafter, cash interest on the Senior Discount Notes will accrue at a rate of 12 1/2% per annum and will be payable semi-annually in arrears on each February 15 and August 15, commencing February 15, 2002.

On August 15, 2001, the Issuers will be required to redeem an amount equal to $384.772 per $1,000 principal amount at maturity of each Senior Discount Note then outstanding ($192 million in aggregate principal amount at maturity, assuming all of the Senior Discount Notes remain outstanding at such date).

The Notes are redeemable at the option of the Issuers, in whole or in part, at any time on or after August 15, 2001 at the redemption prices set forth below, respectively, plus accrued and unpaid interest, if any, to the redemption date, if redeemed during the 12 month period beginning on August 15 of the years indicated below:

Year	Senior Notes Redemption Price	Senior Discount Notes Redemption Price
2001	105.500%	110.000%
2002	103.667%	106.500%
2003	101.833%	103.250%
2004 and thereafter	100.000%	100.000%

In addition, prior to August 15, 1999, the Issuers may redeem up to 35% of the originally issued principal amount of the Notes. The redemption price of the Senior Notes is equal to 111.0% of the principal amount of the Senior Notes so redeemed, plus accrued and unpaid interest, if any, to the redemption date with the net proceeds of one or more public equity offerings, provided that at least 65% of the originally issued principal amount of Senior Notes would remain outstanding immediately after giving effect to such redemption. The redemption price of the Senior Discount Notes is equal to 112.5% of the accreted value at the redemption date of the Senior Discount Notes so redeemed, with the net proceeds of one or more public equity offerings, provided that at least 65% of the originally issued principal amount at maturity of the Senior Discount Notes would remain outstanding immediately after giving effect to such redemption.

The Notes contain certain restrictive covenants, including (among other requirements) limitations on additional indebtedness, limitations on restricted payments, limitations on liens, and limitations on dividends and other payment restrictions affecting certain restricted subsidiaries.

Bank Credit Facility - Sprint Spectrum L.P. (the "Borrower") entered into an agreement with The Chase Manhattan Bank ("Chase") as administrative agent for a group of lenders for a $2 billion bank credit facility dated October 2, 1996. The proceeds of this facility are to be used to finance working capital needs, subscriber acquisition costs, capital expenditures and other general Borrower purposes.

The facility consists of a revolving credit commitment of $1.7 billion and a $300 million term loan commitment, $150 million of which was drawn down subsequent to closing and $150 million of which was to be drawn within 90 days after closing. The amount available under the revolving credit facility was $450 million on December 31, 1996. There were no borrowings under the revolving credit facility as of December 31, 1996. The availability will be increased upon the achievement of certain financial and operating conditions as defined in the agreement. Commitment fees for the revolving portion of the agreement are payable quarterly based on average unused revolving commitments.

The revolving credit commitment expires July 13, 2005. Availability will be reduced in quarterly installments ranging from $75 million to $175 million commencing January 2002. Further reductions may be required after January 1, 2000, to the extent that the Borrower meets certain financial conditions. Subsequent to December 31, 1996, the Borrower drew down $200 million under the revolving credit facility.

The term loans are due in sixteen consecutive quarterly installments beginning January 2002 in aggregate principal amounts of $125,000 for each of the first fifteen payments with the remaining aggregate outstanding principal amount of the term loans due as the last installment.

Interest on the term loans and/or the revolving credit loans is at the applicable LIBOR rate plus 2.5% ("Eurodollar Loans"), or the greater of the prime rate or 0.5% plus the Federal Funds effective rate, plus 1.5% ("ABR Loans"), at the Company's option. The interest rate may be adjusted downward for improvements in the bond rating and/or leverage ratios. Interest on ABR Loans and Eurodollar Loans with interest period terms in excess of 3 months is payable quarterly. Interest on Eurodollar Loans with interest period terms of less than 3 months is payable on the last day of the interest period. As of December 31, 1996, the interest rate on the first $150 million term loan was 8.19%.

Borrowings under the Bank Credit Facility are secured by the Company's interests in WirelessCo, RealtyCo and EquipmentCo and certain other personal and real property (the "Shared Lien"). The Shared Lien equally and ratably secures the Bank Credit Facility, the Vendor Financing (Note 6) and certain other indebtedness of the Company. The credit facility is jointly and severally guaranteed by WirelessCo, RealtyCo and EquipmentCo and is non-recourse to the Parents and the Partners.

The Bank Credit Facility agreement and Vendor Financing agreements (Note 6) contain certain restrictive financial and operating covenants, including (among other requirements) maximum debt ratios (including debt to total capitalization), limitations on capital expenditures, limitations on additional indebtedness and limitations on dividends and other payment restrictions affecting certain restricted subsidiaries. The loss of the right to use the Sprint trademark, the termination or non-renewal of any FCC license that reduces population coverage below specified limits, or changes in controlling interest in the Company, as defined, among other provisions, constitute events of default.

The estimated fair value of the Company's long-term debt at December 31, 1996 is as follows (in thousands):

	Carrying Amount	Estimated Fair Value
11% Senior Notes	$250,000	$270,625
12 1/2% Senior Discount Notes	285,499	337,950
Credit facility - term loan	150,000	151,343

At December 31, 1996, scheduled maturities of long-term debt during each of the next five years are as follows (in thousands):

1997	$ 49
1998	54
1999	60
2000	66
2001	192,459

6. COMMITMENTS AND CONTINGENCIES

Operating Leases - Minimum rental commitments as of December 31, 1996, for all noncancelable operating leases, consisting principally of leases for cell and switch sites and office space, are as follows (in thousands):

1997	$68,616
1998	61,186
1999	57,407
2000	38,356
2001	13,468

Gross rental expense for cell and switch sites aggregated approximately $13,097,000 for the year ended December 31, 1996. Gross rental expense for office space approximated $11,432,000 and $687,000 for the years ended December 31, 1996 and December 31, 1995, respectively. Certain leases contain renewal options that may be exercised from time to time and are excluded from the above amounts.

Procurement Contracts - On January 31, 1996, the Company entered into procurement and services contracts with AT&T Corp. (subsequently assigned to Lucent Technologies, Inc., "Lucent") and Northern Telecom, Inc. ("Nortel" and together with Lucent, the "Vendors") for the engineering and construction of a PCS network. Each contract provides for an initial term of ten years with renewals for additional one-year periods. The Vendors must achieve substantial completion of the PCS network within an established time frame and in accordance with criteria specified in the procurement contracts. Pricing for the initial equipment, software and engineering services has been established in the procurement contracts. The procurement contracts provide for payment terms based on delivery dates, substantial completion dates, and final acceptance dates. In the event of delay in the completion of the PCS network, the procurement contracts provide for certain amounts to be paid to the Company by the Vendors. The minimum commitments for the initial term are $0.8 billion and $1.0 billion from Lucent and Nortel, respectively, which include, but are not limited to, all equipment required for the establishment and installation of the PCS network.

Handset Purchase Agreements - In June, 1996, the Company entered into a three-year purchase and supply agreement with a vendor for the purchase of handsets and other equipment totaling approximately $500 million. During 1996, the Company purchased $85 million under the agreement. The total purchase commitment must be satisfied by April 30, 1998.

In September, 1996, the Company entered into a second three-year purchase and supply agreement for the purchase of handsets and other equipment totaling more than $600 million. Purchases under the second agreement will commence on or after April 1, 1997, and the total purchase commitment must be satisfied during the three-year period after the initial handset purchase.

Vendor Financing - As of October 2, 1996, the Company entered into financing agreements with Nortel and Lucent for multiple drawdown term loan facilities totaling $1.3 billion and $1.8 billion, respectively. The proceeds of such facilities are to be used to finance the purchase of goods and services provided by the Vendors.

Nortel has committed to provide financing in two phases. During the first phase, Nortel will finance up to $800 million. Once the full $800 million has been utilized and the Company obtains additional equity commitments and/or subordinated unsecured loans of at least $400 million and achieves certain operating conditions, Nortel will finance up to an additional $500 million. The amount available under the Nortel facility was $1.3 billion on December 31, 1996. In addition, the Company will be obligated to pay origination fees on the date of the initial draw down loan under the first and second phases. The Nortel agreement terminates on the earliest of (a) the date the availability under the commitments is reduced to zero, (b) December 31, 2000, or (c) March 31, 1997 if no borrowings under the agreements have been drawn.

Lucent has committed to financing up to $1.5 billion through December 31, 1997, and up to an aggregate of $1.8 billion thereafter. The Company pays a facility fee on the daily amount of loans outstanding under the agreement, payable quarterly. The Lucent agreement terminates June 30, 2001. Subsequent to December 31, 1996, the Company borrowed approximately $274 million under the Lucent facility.

Certain amounts included under Construction Obligations on the consolidated balance sheet may be financed under the Vendor Financing agreements.

The principal amounts of the loans drawn under both the Nortel and Lucent agreements are due in twenty consecutive quarterly installments, commencing on the date which is thirty-nine months after the last day of such "Borrowing Year" (defined in the agreements as any one of the five consecutive 12-month periods following the date of the initial drawdown of the loan). The aggregate amount due each year is equal to percentages ranging from 10% to 30% multiplied by the total principal amount of loans during each Borrowing Year.

The agreements provide two borrowing rate options. During the first phase of the Nortel agreement and throughout the term of the Lucent agreement "ABR Loans" bear interest at the greater of the prime rate or 0.5% plus the Federal Funds effective rate, plus 2%. "Eurodollar Loans" bear interest at the London interbank (LIBOR) rate (any one of the 30-, 60- or 90-day rates, at the discretion of the Company), plus 3%. During the second phase of the Nortel agreement, ABR Loans bear interest at the greater of the prime rate or 0.5% plus the Federal Funds effective rate, plus 1.5%; and Eurodollar loans bear interest at the LIBOR rate plus 2.5%. Interest from the date of each loan through one year after the last day of the Borrowing Year is added to the principal amount of each loan. Thereafter, interest is payable quarterly.

Borrowings under the Vendor Financing are secured by the Shared Lien (Note 5). The Vendor Financing is jointly and severally guaranteed by WirelessCo, RealtyCo and EquipmentCo and is non-recourse to the Parents and the Partners.

Service Agreement - The Company has entered into an agreement with a vendor to provide PCS call record and retention services. Monthly rates per subscriber are variable based on overall subscriber volume. If subscriber fees are less than specified annual minimum charges, the Company will be obligated to pay the difference between the amounts paid for processing fees and the annual minimum. Annual minimums range from $20 million to $60 million through 2001.

The agreement extends through December 31, 2001, with two automatic, two-year renewal periods, unless terminated by the Company. The company may terminate the agreement prior to the expiration date, but would be subject to specified termination penalties.

8. EMPLOYEE BENEFITS

Employees performing services for the Company were employed by Sprint Corporation through December 31, 1995. Amounts paid to Sprint Corporation relating to pension expense and employer contributions to the Sprint Corporation 401(k) plan for these employees approximated $323,000 in 1995. No expense was incurred through December 31, 1994.

The Company maintains short-term and long-term incentive plans. All salaried employees are eligible for the short-term incentive plan commencing at date of hire. Short-term incentive compensation is based on incentive targets established for each position based on the Company's overall compensation strategy. Targets contain both an objective Company component and a personal objective component. Charges to operations for the short-term plan approximated $12,332,000 and $3,491,000 for the years ended December 31, 1996 and 1995, respectively. No expense was incurred through December 31, 1994.

Long-term Compensation Obligation - Effective July 1, 1996, a long-term compensation plan was adopted. Employees meeting certain eligibility requirements are considered to be participants in the plan. Participants will receive 100% of the pre-established targets for the period from July 1, 1995 to June 30, 1996 (the "Introductory Term"). Participants may elect a payout of the amount due or convert 50% or 100% of the award to appreciation units. Unless converted to appreciation units, payment for the Introductory Term will be made in the third quarter of 1998. Appreciation units vest 25% per year commencing on the second anniversary of the date of grant. Participants have until March 15, 1997 to make payout or conversion elections. For the years ended December 31, 1996 and 1995, $9.5 million and $1.9 million, respectively, has been expensed. The ultimate liability will be based on actual payout vs. conversion elections and the final results of an independent valuation of the

Company as of June 30, 1997. The Company has applied APB Opinion No. 25, "Accounting for Stock Issued to Employees" for 1996. No significant difference would have resulted if SFAS No. 123, "Accounting for Stock-Based Compensation" had been applied.

Savings Plan - Effective January, 1996, the Company established a savings and retirement program (the "Savings Plan") for certain employees, which is intended to qualify under Section 401(k) of the Internal Revenue Code. Most permanent full-time, and certain part-time, employees are eligible to become participants in the plan after one year of service or upon reaching age 35, whichever occurs first. Participants make contributions to a basic before tax account and supplemental before tax account. The maximum contribution for any participant for any year is 16% of such participant's compensation. For each eligible employee who elects to participate in the Savings Plan and makes a contribution to the basic before tax account, the Company makes a matching contribution. The matching contributions equal 50% of the amount of the basic before tax contribution of each participant up to the first 6% that the employee elects to contribute. Contributions to the Savings Plan are invested, at the participants discretion, in several designated investment funds. Distributions from the Savings Plan generally will be made only upon retirement or other termination of employment, unless deferred by the participant. Expense under the Savings Plan approximated $1,125,000 in 1996.

Profit Sharing (Retirement) Plan - Effective January, 1996, the Company established a profit sharing plan for its employees. Employees are eligible to participate in the plan after completing one year of service. Profit sharing contributions are based on the compensation, age, and years of service of the employee. Profit sharing contributions are deposited into individual accounts of the Company's 401(k) plan. Vesting occurs once a participant completes five years of service. For the year ended December 31, 1996, expense under the profit sharing plan approximated $726,000.

9. RELATED PARTY TRANSACTIONS

Business Services - The Company reimburses Sprint Corporation for certain accounting and data processing services, for participation in certain advertising contracts, for certain cash payments made by Sprint Corporation on behalf of the Company and other management services. The Company is allocated the costs of such services based on direct usage. Allocated expenses of approximately $11,900,000 and $2,646,000 are included in Selling and General and administrative expense in the consolidated statement of operations for 1996 and 1995, respectively. No reimbursement was made through December 31, 1994.

Paging Services - In 1996, the Company commenced paging services pursuant to agreements with Paging Network Equipment Company ("PageNet") and Sprint Communications Company, L.P. ("Sprint Communications"). For the year ended December 31, 1996, Sprint Communications received agency fees of approximately $4.9 million.

Advances from Partners - In December 1996, the Partners advanced approximately $168 million to the Company, which was contributed to Cox PCS (Note 4). The advances bear interest at the prime rate (8.25% at December 31, 1996) and were repaid in February 1997.

10. Quarterly Financial Data (Unaudited)

Summarized quarterly financial data for 1996 and 1995 is as follows (in thousands):

1996	First	Second	Third	Fourth
Operating revenues.....	$ --	$ --	$ --	$ 4,175
Operating expenses.....	30,978	46,897	87,135	195,038
Net loss	67,425	90,770	101,497	183,402
1995				
Operating revenues.....	$ --	$ --	$ --	$ --
Operating expenses.....	3,655	4,589	11,844	46,463
Net loss	6,789	9,718	19,488	74,434