

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

(X) Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the Quarterly Period Ended:

JUNE 30, 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

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 twelve months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such requirements for the past 90 days.

Yes

No

As of June 30, 1996, there were 190,199,646 shares of Class A Special Common Stock, 34,388,885 shares of Class A Common Stock and 8,786,250 shares of Class B Common Stock outstanding.

COMCAST CORPORATION AND SUBSIDIARIES  
FORM 10-Q  
QUARTER ENDED JUNE 30, 1996

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The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. Certain information included in this Quarterly Report is forward-looking, such as information relating to future capital commitments and the effects of competition. Such forward-looking information involves important risks and uncertainties that could significantly affect expected results in the future from those expressed in any forward-looking statements made by, or on behalf of, the Company. These risks and uncertainties include, but are not limited to, uncertainties relating to economic conditions, acquisitions and divestitures, government and regulatory policies, the pricing and availability of equipment, materials, inventories and programming, technological developments and changes in the competitive environment in which the Company operates.

COMCAST CORPORATION AND SUBSIDIARIES  
FORM 10-Q  
QUARTER ENDED JUNE 30, 1996

PART I. FINANCIAL INFORMATION  
ITEM 1. FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED BALANCE SHEET  
(Unaudited)

	(Dollars in thousands)	
	June 30, 1996	December 31, 1995
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents .....	\$ 407,664	\$ 539,061
Short-term investments, at cost which approximates fair value .....	133,926	370,982
Accounts receivable, less allowance for doubtful accounts of \$78,450 and \$81,273 .....	340,006	390,698
Inventories, net .....	243,120	243,447
Prepaid charges and other .....	54,441	49,671
Deferred income taxes .....	63,912	59,799
	-----	-----
Total current assets .....	1,243,069	1,653,658
	-----	-----
INVESTMENTS, principally in affiliates .....	1,135,104	906,383
	-----	-----
PROPERTY AND EQUIPMENT .....	2,989,329	2,575,633
Accumulated depreciation .....	(1,031,743)	(932,031)
	-----	-----
Property and equipment, net .....	1,957,586	1,643,602
	-----	-----
DEFERRED CHARGES .....	6,640,735	6,552,437
Accumulated amortization .....	(1,352,921)	(1,175,772)
	-----	-----
Deferred charges, net .....	5,287,814	5,376,665
	-----	-----
	\$ 9,623,573	\$ 9,580,308
	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' DEFICIENCY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses .....	\$ 816,951	\$ 963,991
Accrued interest .....	78,731	72,675
Current portion of long-term debt .....	143,379	85,403
	-----	-----
Total current liabilities .....	1,039,061	1,122,069
	-----	-----
LONG-TERM DEBT, less current portion .....	7,120,289	6,943,766
	-----	-----
DEFERRED INCOME TAXES .....	1,515,538	1,517,995
	-----	-----
MINORITY INTEREST AND OTHER .....	834,337	772,004
	-----	-----
<b>COMMITMENTS AND CONTINGENCIES</b>		
COMMON EQUITY PUT OPTIONS .....	69,625	52,125
	-----	-----
<b>STOCKHOLDERS' DEFICIENCY</b>		
Class A special common stock, \$1 par value - authorized, 500,000,000 shares; issued, 190,199,646 and 192,844,814 .....	190,200	192,845
Class A common stock, \$1 par value - authorized, 200,000,000 shares; issued, 34,388,885 and 37,706,517 .....	34,389	37,707
Class B common stock, \$1 par value - authorized, 50,000,000 shares; issued, 8,786,250 .....	8,786	8,786
Additional capital .....	818,046	843,113
Accumulated deficit .....	(2,030,633)	(1,914,292)
Unrealized gains on marketable securities .....	42,080	22,210
Cumulative translation adjustments .....	(18,145)	(18,020)
	-----	-----
Total stockholders' deficiency .....	(955,277)	(827,651)
	-----	-----
	\$ 9,623,573	\$ 9,580,308
	=====	=====

See notes to condensed consolidated financial statements.

COMCAST CORPORATION AND SUBSIDIARIES  
FORM 10-Q  
QUARTER ENDED JUNE 30, 1996  
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT  
(Unaudited)

	(Amounts in thousands, except per share data)			
	Six Months Ended		Three Months Ended	
	1996	1995	1996	1995
	June 30,		June 30,	
REVENUES				
Service income .....	\$ 1,040,460	\$ 902,752	\$ 539,794	\$ 466,165
Net sales from electronic retailing .....	855,846	584,426	405,768	357,407
	-----	-----	-----	-----
	1,896,306	1,487,178	945,562	823,572
	-----	-----	-----	-----
COSTS AND EXPENSES				
Operating .....	453,473	367,357	223,710	195,890
Cost of goods sold from electronic retailing .....	512,380	350,246	242,234	212,172
Selling, general and administrative .....	364,256	289,145	183,544	154,686
Depreciation and amortization .....	324,272	387,043	167,399	143,566
	-----	-----	-----	-----
	1,654,381	1,393,791	816,887	706,314
	-----	-----	-----	-----
OPERATING INCOME .....	241,925	93,387	128,675	117,258
INVESTMENT (INCOME) EXPENSE				
Interest expense .....	267,993	250,551	133,179	132,964
Investment income .....	(47,491)	(157,580)	(28,846)	(4,756)
Equity in net losses of affiliates .....	60,321	37,906	25,819	21,489
Gain from equity offering of affiliate .....	(40,638)		(40,638)	
Other .....	22,966	368	11,577	658
	-----	-----	-----	-----
	263,151	131,245	101,091	150,355
	-----	-----	-----	-----
(LOSS) INCOME BEFORE INCOME TAX EXPENSE, MINORITY INTEREST AND EXTRAORDINARY ITEM .....	(21,226)	(37,858)	27,584	(33,097)
INCOME TAX EXPENSE .....	24,612	14,035	23,748	10,100
	-----	-----	-----	-----
(LOSS) INCOME BEFORE MINORITY INTEREST AND EXTRAORDINARY ITEM .....	(45,838)	(51,893)	3,836	(43,197)
MINORITY INTEREST .....	(29,094)	(21,971)	(14,024)	(13,903)
	-----	-----	-----	-----
(LOSS) INCOME BEFORE EXTRAORDINARY ITEM .....	(16,744)	(29,922)	17,860	(29,294)
EXTRAORDINARY ITEM .....	1,013		1,013	
	-----	-----	-----	-----
NET (LOSS) INCOME .....	(17,757)	(29,922)	16,847	(29,294)
ACCUMULATED DEFICIT				
Beginning of period .....	(1,914,292)	(1,827,647)	(1,997,138)	(1,833,858)
Dividends declared - \$.0467, \$.0467, \$.0233 and \$.0233 per share	(11,054)	(11,169)	(5,474)	(5,586)
Retirement of common stock .....	(87,530)		(44,868)	
	-----	-----	-----	-----
End of period .....	(\$2,030,633)	(\$1,868,738)	(\$2,030,633)	(\$1,868,738)
	=====	=====	=====	=====
(LOSS) INCOME PER SHARE				
(Loss) income before extraordinary item .....	(\$ .07)	(\$ .12)	\$ .07	(\$ .12)
Extraordinary item.....				
	-----	-----	-----	-----
Net (loss) income .....	(\$ .07)	(\$ .12)	\$ .07	(\$ .12)
	=====	=====	=====	=====
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING DURING THE PERIOD .....	237,624	239,541	235,827	239,674
	=====	=====	=====	=====

See notes to condensed consolidated financial statements.



COMCAST CORPORATION AND SUBSIDIARIES  
FORM 10-Q  
QUARTER ENDED JUNE 30, 1996  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Basis of Presentation

The condensed consolidated balance sheet as of December 31, 1995 has been condensed from the audited balance sheet as of that date. The condensed consolidated balance sheet as of June 30, 1996, the condensed consolidated statement of operations and accumulated deficit for the six and three months ended June 30, 1996 and 1995 and the condensed consolidated statement of cash flows for the six months ended June 30, 1996 and 1995 have been prepared by Comcast Corporation (the "Company") and have not been audited by the Company's independent auditors. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows as of June 30, 1996 and for all periods presented have been made.

Certain information and note disclosures normally included in the Company's annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's December 31, 1995 Annual Report on Form 10-K filed with the Securities and Exchange Commission. The results of operations for the periods ended June 30, 1996 are not necessarily indicative of operating results for the full year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Accounting Pronouncement

Effective January 1, 1996, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation." The Company has elected to continue to measure such compensation expense using the method prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," as permitted by SFAS No. 123. Accordingly, there was no impact of the adoption of SFAS No. 123 on the Company's financial position or results of operations.

Net (Loss) Income Per Share

Net (loss) income per share is based on the weighted average number of common shares outstanding during the period. For the six months ended June 30, 1996 and for the six and three months ended June 30, 1995, the Company's common stock equivalents have an antidilutive effect on net loss per share and, therefore, have not been used in determining the total weighted average number of common shares outstanding.

For the three months ended June 30, 1996, the Company's shares which are issuable upon conversion of its convertible debentures and upon exercise of the its outstanding common equity put options have not been included as common stock equivalents, since inclusion of these shares would have an antidilutive effect on net income per share. The Company's dilutive common stock equivalents, consisting solely of shares issuable under employee stock programs, did not have any impact on net income per share as presented in the Company's condensed consolidated statement of operations and accumulated deficit. Therefore, primary and fully diluted net income per share have not been presented herein. For the three months ended June 30, 1996, the primary and fully diluted weighted average number of common shares and common share equivalents outstanding was 241.0 million and 241.3 million, respectively.

Reclassifications

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

3. ACQUISITIONS AND OTHER SIGNIFICANT EVENTS

Regional Sports Venture

On July 17, 1996, the Company completed its acquisition (the "Sports Venture Acquisition") of an interest of approximately 66% 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 approximately \$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 (the "Class A Special Common Stock") and 6,370 shares of the Company's newly issued 5% Series A Convertible Preferred Stock (the "Preferred Stock"), which is convertible into approximately 1.3 million shares of Class A Special Common Stock (subject to certain conversion adjustments) and paid \$15.0 million in cash for its current interest in Comcast Spectacor. The remaining interest of approximately 34% 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 approximately \$155.0 million. The Company will account for its interest in Comcast Spectacor under the equity method.

Sprint Spectrum

Effective as of January 1996, the Company, Tele-Communications, Inc. ("TCI"), Cox Communications, Inc. ("Cox") and Sprint Corporation (collectively, the "Parents"), and certain subsidiaries of the Parents, entered into a series of agreements relating to their previously announced joint venture (March 1995) to engage in the communications business. Under an Amended and Restated Agreement of Limited Partnership of MajorCo, L.P. (known as "Sprint Spectrum"), the business of Sprint Spectrum will be the provision of wireless telecommunications services and will not include the provision of previously authorized business of providing local wireline communications services to residences and businesses. A partnership owned entirely by subsidiaries of the Company owns 15% of Sprint Spectrum. The Company accounts for its investment in Sprint Spectrum under the equity method (see Note 4).

Scripps Cable

In October 1995, the Company announced its agreement to acquire the cable television operations ("Scripps Cable") of The E.W. Scripps Company ("E.W. Scripps") in exchange for shares of the Company's Class A Special Common Stock worth \$1.575 billion, subject to certain closing adjustments (the "Scripps Transaction"). For purposes of determining the number of shares of Class A Special Common Stock to be delivered in the Scripps Transaction, such stock will be valued on the basis of the average closing price of the Class A Special Common Stock on The Nasdaq Stock Market for 15 trading days randomly selected from the 40 trading day period ending shortly before the closing date (the "Comcast Share Price"); provided that the Comcast Share Price will be no greater than \$23.09 and, except as provided below, no less than \$17.06. If the Comcast Share Price is below \$17.06, E.W. Scripps has the right to terminate the agreement, subject to the right of the Company to increase the number of shares of Class A Special Common Stock to be delivered in the Scripps Transaction to that number of shares that would have been delivered if the Comcast Share Price were not subject to the minimum price of \$17.06.

COMCAST CORPORATION AND SUBSIDIARIES  
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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
(Unaudited)

Scripps Cable passes more than 1.2 million homes and serves more than 800,000 subscribers, with over 60% of its subscribers located in Sacramento, California and Chattanooga and Knoxville, Tennessee. The Scripps Transaction is expected to close in the fourth quarter of 1996, subject to shareholder and regulatory approval and certain other conditions.

#### Share Repurchase Program

Concurrent with the announcement of the Scripps Transaction, 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. Pursuant to the Repurchase Program, the Company has repurchased shares of its common stock for aggregate consideration of \$185.8 million through July 31, 1996, including \$116.6 million and \$59.9 million during the six and three months ended June 30, 1996, respectively.

As part of the Repurchase Program, the Company has sold put options on 4.0 million shares of its Class A Special Common Stock through July 31, 1996, including put options on 1.0 million of such shares sold during the six months ended June 30, 1996. The put options give the holder the right to require the Company to repurchase such shares at specified prices on specific dates. In May 1996, the Company extended the original May through July 1996 maturities of the put options to October through December 1996 and received \$1.1 million in connection with the extensions. Total proceeds of \$4.6 million from the sale and subsequent extension of these put options were credited to additional capital. The amount the Company would be obligated to pay to repurchase such shares if all outstanding put options were exercised, totaling \$69.6 million, has been reclassified to a temporary equity account in the Company's condensed consolidated balance sheet as of June 30, 1996.

#### Cellular Rebuild

In 1995, the Company's cellular division purchased approximately \$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. During the first quarter of 1995, the Company charged approximately \$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.

#### 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 own, through their respective subsidiaries, 57.45% and 42.55%, respectively, 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.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
(Unaudited)

Pro Forma Results

The following pro forma information for the six months ended June 30, 1995 has been presented as if the QVC Acquisition occurred on January 1, 1995. This unaudited pro forma information is based on historical results of operations, adjusted for acquisition costs, and is not necessarily indicative of what the results would have been had the Company operated QVC since such date.

	(Dollars in millions, except per share data)
	Six Months Ended June 30, 1995 (1)
Revenues.....	\$1,617.6
Net loss.....	(34.9)
Net loss per share.....	(.15)

(1) Effective April 1, 1995, QVC commenced consolidating its United Kingdom ("UK") operations. Pro forma revenues presented above do not reflect revenues relating to QVC's UK operations prior to April 1, 1995.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
(Unaudited)

4. INVESTMENTS

Investments - Equity Method  
Summarized financial information for equity method investments is as follows (dollars in thousands):

Six Months Ended June 30, 1996:	Sprint Spectrum (a)	Other	Combined
Combined Results of Operations			
Revenues, net.....	\$	\$445,773	\$445,773
Depreciation and amortization.....	304	91,082	91,386
Operating loss.....	(75,757)	(73,117)	(148,874)
Net loss as reported			
by affiliates.....	(152,671)	(127,142)	(279,813)
Company's Equity in Net Loss			
Equity in current period net loss.....	(\$22,901)	(\$35,200)	(\$58,101)
Amortization income (expense) (b).....	636	(2,856)	(2,220)
	-----	-----	-----
Total equity in net loss.....	(\$22,265)	(\$38,056)	(\$60,321)
	=====	=====	=====
Three Months Ended June 30, 1996:	Sprint Spectrum (a)	Other	Combined
Combined Results of Operations			
Revenues, net.....	\$	\$224,654	\$224,654
Depreciation and amortization.....	254	44,335	44,589
Operating loss.....	(30,978)	(32,293)	(63,271)
Net loss as reported			
by affiliates.....	(67,358)	(58,872)	(126,230)
Company's Equity in Net Loss			
Equity in current period net loss.....	(\$10,104)	(\$15,250)	(\$25,354)
Amortization income (expense) (b).....	636	(1,101)	(465)
	-----	-----	-----
Total equity in net loss.....	(\$9,468)	(\$16,351)	(\$25,819)
	=====	=====	=====
As of June 30, 1996:	Sprint Spectrum (a)	Other	Combined
Combined Financial Position			
Current assets.....	\$4,962	\$1,839,111	\$1,844,073
Noncurrent assets.....	2,333,692	2,232,785	4,566,477
Current liabilities.....	96,872	804,703	901,575
Noncurrent liabilities.....	4,246	2,136,908	2,141,154

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(a) See footnote (1) on page 10.  
(b) See footnote (3) on page 10.

COMCAST CORPORATION AND SUBSIDIARIES  
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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
(Unaudited)

	Three Months Ended January 31, 1995 QVC (2)	Six Months Ended June 30, 1995 Other	Combined	Three Months Ended June 30, 1995 Combined (2)
Combined Results of Operations				
Revenues, net.....	\$425,921	\$289,653	\$715,574	\$149,267
Depreciation and amortization.....	12,992	70,065	83,057	36,272
Operating income (loss).....	58,247	(99,549)	(41,302)	(50,594)
Net income (loss) as reported by affiliates.....	\$28,333	(\$145,874)	(\$117,541)	(\$78,683)
Company's Equity in Net Income (Loss)				
Equity in current period net income (loss) ..	\$4,286	(\$39,970)	(\$35,684)	(\$19,992)
Amortization income (expense) (3).....	1,194	(3,416)	(2,222)	(1,497)
	-----	-----	-----	-----
Total equity in net income (loss).....	\$5,480	(\$43,386)	(\$37,906)	(\$21,489)
	=====	=====	=====	=====

- (1) The Company's equity interest in Sprint Spectrum's net loss is recorded three months in arrears. Accordingly, the summarized financial information presented above includes Sprint Spectrum's results of operations for the six and three months ended March 31, 1996 and its financial position as of March 31, 1996.
- (2) 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 six months ended June 30, 1995, the Company recorded its equity interest in QVC's net income for the period from November 1, 1994 through January 31, 1995, which was not previously recorded by the Company. The effect of this one-time adjustment was not significant to the Company's results of operations. Effective February 1, 1995, QVC's results of operations were consolidated with the Company.
- (3) 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.

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 "IPO"). In connection with the 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 a reorganization 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 (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 condensed consolidated statement of operations and accumulated deficit for the six and three months ended June 30, 1996. After giving effect to the Reorganization and the 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 will continue to account for its interest in TCGI under the equity method.

COMCAST CORPORATION AND SUBSIDIARIES  
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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
(Unaudited)

Investments - Public Companies

In February 1996, in connection with certain preemptive rights of the Company under previously existing agreements with Nextel Communications, Inc. ("Nextel"), the Company purchased approximately 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 three months ended June 30, 1996, the Company sold 4.4 million shares of Nextel common stock for \$85.6 million and recognized a pre-tax gain of \$29.7 million as investment income in its condensed consolidated statement of operations and accumulated deficit for the six and three months ended June 30, 1996.

The Company holds unrestricted equity investments in certain publicly traded companies with an historical cost of \$163.3 million and \$115.9 million as of June 30, 1996 and December 31, 1995, respectively. The Company has recorded these investments, which are classified as available for sale, at their estimated fair values of \$228.0 million and \$150.1 million as of June 30, 1996 and December 31, 1995, respectively. The unrealized pre-tax gains as of June 30, 1996 and December 31, 1995 of \$64.7 million and \$34.2 million, respectively, have been reported in the Company's condensed consolidated balance sheet as decreases in stockholders' deficiency, net of related deferred income taxes of \$22.6 million and \$12.0 million, respectively.

Investments - Privately Held Companies

In January 1995, the Company exchanged its investments in Heritage Communications, Inc. with TCI for approximately 13.3 million publicly-traded Class A common shares of TCI with a fair market value of approximately \$290.0 million. Shortly thereafter, the Company sold approximately 9.1 million unrestricted TCI shares for total proceeds of \$188.1 million. As a result of these transactions, the Company recognized a pre-tax gain of \$141.0 million in the first quarter of 1995.

5. LONG-TERM DEBT

In May 1995, the Company issued \$250.0 million principal amount of its 9-3/8% senior subordinated debentures due 2005.

6. STATEMENT OF CASH FLOWS - SUPPLEMENTAL INFORMATION

The Company made interest payments of \$229.7 million, \$210.1 million, \$127.7 million, and \$115.3 million during the six and three months ended June 30, 1996 and 1995, respectively.

The Company made cash payments for income taxes of \$62.2 million, \$19.1 million, \$46.9 million, and \$16.0 million during the six and three months ended June 30, 1996 and 1995, respectively.

7. CONTINGENCIES

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 or results of operations of the Company.

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(Unaudited)

8. FINANCIAL DATA BY BUSINESS SEGMENT  
(Dollars in thousands)

	Domestic Cable Communications	Electronic Retailing	Cellular Communications	Corporate and Other (1)	Total
<b>Six Months Ended June 30, 1996</b>					
Revenues, net.....	\$778,332	\$855,846	\$207,096	\$55,032	\$1,896,306
Depreciation and amortization.....	190,685	51,881	56,773	24,933	324,272
Operating income (loss).....	194,320	87,527	14,314	(54,236)	241,925
Interest expense.....	110,654	35,053	43,973	78,313	267,993
Capital expenditures.....	136,816	19,547	36,551	85,991	278,905
Equity in net (losses) income of affiliates.....	(8,444)	84		(51,961)	(60,321)
<b>Three Months Ended June 30, 1996</b>					
Revenues, net.....	\$395,984	\$405,768	\$108,904	\$34,906	\$945,562
Depreciation and amortization.....	96,313	25,731	30,428	14,927	167,399
Operating income (loss).....	103,714	41,263	12,201	(28,503)	128,675
Interest expense.....	53,969	16,884	23,187	39,139	133,179
Capital expenditures.....	83,180	13,443	21,648	49,233	167,504
Equity in net (losses) income of affiliates.....	(2,890)	27		(22,956)	(25,819)
<b>As of June 30, 1996</b>					
Assets.....	\$4,645,902	\$2,037,653	\$1,341,965	\$1,598,053	\$9,623,573
Long-term debt, less current portion.....	3,049,417	887,979	1,091,035	2,091,858	7,120,289
<b>Six Months Ended June 30, 1995</b>					
Revenues, net.....	\$709,580	\$584,426	\$176,413	\$16,759	\$1,487,178
Depreciation and amortization.....	183,666	37,006	155,224	11,147	387,043
Operating income (loss).....	164,034	58,365	(84,443)	(44,569)	93,387
Interest expense.....	123,904	34,816	35,577	56,254	250,551
Capital expenditures.....	111,042	8,472	167,963	51,483	338,960
Equity in net (losses) income of affiliates.....	(6,921)	608		(31,593)	(37,906)
<b>Three Months Ended June 30, 1995</b>					
Revenues, net.....	\$362,458	\$357,407	\$94,260	\$9,447	\$823,572
Depreciation and amortization.....	94,168	22,734	20,742	5,922	143,566
Operating income (loss).....	88,398	33,965	18,853	(23,958)	117,258
Interest expense.....	62,321	22,171	18,107	30,365	132,964
Capital expenditures.....	68,825	7,237	117,710	35,570	229,342
Equity in net losses of affiliates.....	(3,952)	(450)		(17,087)	(21,489)

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

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

The Company has experienced significant growth in recent years both through 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 as well as its existing cash, cash equivalents and short-term investments.

General Developments of Business

Regional Sports Venture

On July 17, 1996, the Company completed its acquisition (the "Sports Venture Acquisition") of an interest of approximately 66% 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 approximately \$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 (the "Class A Special Common Stock") and 6,370 shares of the Company's newly issued 5% Series A Convertible Preferred Stock (the "Preferred Stock"), which is convertible into approximately 1.3 million shares of Class A Special Common Stock (subject to certain conversion adjustments) and paid \$15.0 million in cash for its current interest in Comcast Spectacor. The remaining interest of approximately 34% 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 approximately \$155.0 million. The Company will account for its interest in Comcast Spectacor under the equity method.

Sprint Spectrum

Effective as of January 1996, the Company, Tele-Communications, Inc. ("TCI"), Cox Communications, Inc. ("Cox") and Sprint Corporation (collectively, the "Parents"), and certain subsidiaries of the Parents (the "Partner Subsidiaries"), entered into a series of agreements relating to their previously announced joint venture (March 1995) to engage in the communications business. Under an Amended and Restated Agreement of Limited Partnership (the "Partnership Agreement") of MajorCo, L.P. (known as "Sprint Spectrum"), the business of Sprint Spectrum will be the provision of wireless telecommunications services and will not include the previously authorized business of providing local wireline communications services to residences and businesses. A partnership owned entirely by subsidiaries of the Company owns 15% of Sprint Spectrum. The Company accounts for its investment in Sprint Spectrum under the equity method.

#### Scripps Cable

In October 1995, the Company announced its agreement to acquire the cable television operations ("Scripps Cable") of The E.W. Scripps Company ("E.W. Scripps") in exchange for shares of the Company's Class A Special Common Stock worth \$1.575 billion, subject to certain closing adjustments (the "Scripps Transaction"). For purposes of determining the number of shares of Class A Special Common Stock to be delivered in the Scripps Transaction, such stock will be valued on the basis of the average closing price of the Class A Special Common Stock on The Nasdaq Stock Market for 15 trading days randomly selected from the 40 trading day period ending shortly before the closing date (the "Comcast Share Price"); provided that the Comcast Share Price will be no greater than \$23.09 and, except as provided below, no less than \$17.06. If the Comcast Share Price is below \$17.06, E.W. Scripps has the right to terminate the agreement, subject to the right of the Company to increase the number of shares of Class A Special Common Stock to be delivered in the Scripps Transaction to that number of shares that would have been delivered if the Comcast Share Price were not subject to the minimum price of \$17.06.

Scripps Cable passes more than 1.2 million homes and serves more than 800,000 subscribers, with over 60% of its subscribers located in Sacramento, California and Chattanooga and Knoxville, Tennessee. The Scripps Transaction is expected to close in the fourth quarter of 1996, subject to shareholder and regulatory approval and certain other conditions.

#### Share Repurchase Program

Concurrent with the announcement of the Scripps Transaction, 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. Pursuant to the Repurchase Program, the Company has repurchased shares of its common stock for aggregate consideration of \$185.8 million through July 31, 1996, including \$116.6 million and \$59.9 million during the six and three months ended June 30, 1996, respectively.

#### 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 own, through their respective subsidiaries, 57.45% and 42.55%, respectively, 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.

#### 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 June 30, 1996 were \$541.6 million. As of June 30, 1996, approximately \$369.4 million of the Company's cash, cash equivalents and short-term investments was restricted to use by subsidiaries of the Company under contractual or other arrangements, including approximately \$262.9 million which is restricted to use by Comcast UK Cable Partners Limited ("Comcast UK Cable").

The Company's cash, cash equivalents and short-term investments are recorded at cost which approximates their fair value. As of June 30, 1996, the Company's short-term investments of \$133.9 million had a weighted average maturity of approximately 16 months. However, due to the high degree of liquidity and the intent of management to use these investments as needed to fund its commitments, the Company considers these as current assets.

#### Investments

In connection with the Sports Venture Acquisition, the Company has agreed to lend up to \$50.0 million to Comcast Spectacor, on a subordinated basis, in the event that Comcast Spectacor is unable to obtain financing from other sources.

Under the provisions of the Partnership Agreement, the Partner Subsidiaries have committed to contribute \$4.2 billion in cash to Sprint Spectrum through 1997, 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 \$415.3 million through June 30, 1996. 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. Although it is anticipated that external financing will be available to Sprint Spectrum on acceptable terms and conditions, no assurances can be given as to such availability. In June 1996, Sprint Spectrum filed a preliminary registration statement on Form S-1 with the Securities and Exchange Commission to offer up to \$650.0 million of Senior Notes and Senior Discount Notes due in 2006 in a public offering. The timing of the Company's remaining capital contributions to Sprint Spectrum is dependent upon a number of factors, including Sprint Spectrum's ability to obtain external financing as well as its 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.

In February 1996, in connection with certain preemptive rights of the Company under previously existing agreements with Nextel Communications, Inc. ("Nextel"), the Company purchased approximately 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. The Company continues to hold options, which expire in 1997, to acquire an additional 25 million shares of Nextel common stock at \$16 per share.

During the three months ended June 30, 1996, the Company sold 4.4 million shares of Nextel common stock for \$85.6 million and recognized a pre-tax gain of \$29.7 million as investment income in its condensed consolidated statement of operations and accumulated deficit for the six and three months ended June 30, 1996 (the "Nextel Gain").

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.

#### Financing

As part of the Repurchase Program, through July 31, 1996, the Company has sold put options on 4.0 million shares of its Class A Special Common Stock, including put options on 1.0 million of such shares sold during the six months ended June 30, 1996. The put options give the holder the right to require the Company to repurchase such shares at specified prices on specific dates. In May 1996, the Company extended the original May through July 1996 maturities of the put options to October through December 1996 and received \$1.1 million in connection with the extensions. Total proceeds of \$4.6 million from the sale and subsequent extension of these put options were credited to additional capital. The amount the Company would be obligated to pay to repurchase such shares if all outstanding put options were exercised, totaling \$69.6 million, has been reclassified to a temporary equity account in the Company's condensed consolidated balance sheet as of June 30, 1996.

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The Company expects to recognize significant losses and to continue to pay dividends; therefore, it anticipates that it will continue to have a deficiency in stockholders' equity that will increase through the date of consummation of the Scripps Transaction. If the Scripps Transaction is consummated, the Company will no longer have a deficiency in stockholders' equity; however, the Company expects to recognize losses for the foreseeable

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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, management believes that competition, technological changes and its significant losses and deficiency in stockholders' equity 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 \$131.4 million as of June 30, 1996 from December 31, 1995 and increased \$112.6 million as of June 30, 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 \$289.2 million and \$206.8 million for the six months ended June 30, 1996 and 1995, respectively. The increase of \$82.4 million is primarily due to the effects of the QVC Acquisition, 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").

Net cash (used in) provided by financing activities was (\$42.8) million and \$1.8 billion for the six months ended June 30, 1996 and 1995, respectively. During the six months ended June 30, 1996, the Company borrowed \$558.4 million under its existing lines of credit and repaid \$478.3 million, including the effects of refinancings and \$88.9 million of repayments under a vendor financing arrangement. In addition, the Company repurchased \$116.6 million of its common stock during the six months ended June 30, 1996. During the six months ended June 30, 1995, the Company borrowed \$2.0 billion consisting primarily of \$1.1 billion in connection with the QVC Acquisition, \$300.9 million for the funding of Sprint Spectrum and the Company's \$250.0 million principal amount of its 9-3/8% senior subordinated debentures due 2005, issued in May 1995. In addition, the Company redeemed and retired \$194.4 million of its long-term debt.

Net cash used in investing activities was \$377.8 million and \$1.9 billion for the six months ended June 30, 1996 and 1995, respectively. During the six months ended June 30, 1996, net cash used in investing activities includes investments in affiliates of \$357.4 million, including \$125.0 million for the purchase of the Sixers and capital contributions to Sprint Spectrum of \$69.3 million, and additions to property and equipment of \$278.9 million, offset by proceeds from the sales of short-term and long-term investments of \$328.5 million. During the six months ended June 30, 1995, net cash used in investing activities includes the QVC Acquisition, net of cash acquired, of \$1.3 billion, investments in affiliates of \$431.5 million, including capital contributions to Sprint Spectrum of \$315.9 million, and additions to property and equipment of \$339.0 million. Such amounts were offset by proceeds from sales of short-term and long-term investments of \$236.4 million.

#### Results of Operations

The effects of the Company's recent acquisitions has been to increase significantly the Company's revenues and expenses resulting in substantial increases in its operating income before depreciation and amortization, depreciation and amortization expense and interest expense (see "Operating Results by Business Segment" following). As a result of the increases in depreciation and amortization expense and interest expense associated with these acquisitions and their financing, it is expected that the Company will recognize significant losses for the foreseeable future.

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Summarized consolidated financial information for the Company for the six and three months ended June 30, 1996 and 1995 is as follows (dollars in millions, "NM" denotes percentage is not meaningful):

	Six Months Ended June 30,		Increase / (Decrease)	
	1996	1995	\$	%
Revenues, net .....	\$ 1,896.3	\$ 1,487.1	\$ 409.2	27.5%
Cost of goods sold from electronic retailing .....	512.4	350.2	162.2	46.3
Operating, selling, general and administrative expenses .....	817.7	656.5	161.2	24.6
	-----	-----		
Operating income before depreciation and amortization (1) .....	566.2	480.4	85.8	17.9
Depreciation and amortization .....	324.3	387.0	(62.7)	(16.2)
	-----	-----		
Operating income .....	241.9	93.4	148.5	NM
	-----	-----		
Interest expense .....	268.0	250.6	17.4	6.9
Investment income .....	(47.5)	(157.6)	(110.1)	(69.9)
Equity in net losses of affiliates .....	60.3	37.9	22.4	59.1
Gain from equity offering of affiliate .....	(40.6)		40.6	NM
Other .....	23.0	0.4	22.6	NM
Income tax expense .....	24.6	14.0	10.6	75.7
Minority interest .....	(29.1)	(22.0)	7.1	32.3
Extraordinary item .....	1.0		1.0	NM
	-----	-----		
Net loss .....	(\$ 17.8)	(\$ 29.9)	(\$ 12.1)	(40.5%)
	=====	=====		

	Three Months Ended June 30,		Increase	
	1996	1995	\$	%
Revenues, net .....	\$ 945.6	\$ 823.6	\$ 122.0	14.8%
Cost of goods sold from electronic retailing .....	242.2	212.2	30.0	14.1
Operating, selling, general and administrative expenses .....	407.3	350.6	56.7	16.2
	-----	-----		
Operating income before depreciation and amortization (1) .....	296.1	260.8	35.3	13.5
Depreciation and amortization .....	167.4	143.5	23.9	16.7
	-----	-----		
Operating income .....	128.7	117.3	11.4	9.7
	-----	-----		
Interest expense .....	133.2	133.0	0.2	0.2
Investment income .....	(28.8)	(4.8)	24.0	NM
Equity in net losses of affiliates .....	25.8	21.5	4.3	20.0
Gain from equity offering of affiliate .....	(40.6)		40.6	NM
Other .....	11.6	0.7	10.9	NM
Income tax expense .....	23.7	10.1	13.6	NM
Minority interest .....	(14.0)	(13.9)	0.1	0.7
Extraordinary item .....	1.0		1.0	NM
	-----	-----		
Net income (loss) .....	\$ 16.8	(\$ 29.3)	\$ 46.1	NM
	=====	=====		

(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 evaluating the Company's businesses. Operating cash flow does not purport to represent net income or net cash provided

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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

Domestic Cable Communications

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

	Six Months Ended June 30,		Increase	
	1996	1995	\$	%
Service income .....	\$ 778.3	\$ 709.6	\$ 68.7	9.7%
Operating, selling, general and administrative expenses .....	393.3	361.9	31.4	8.7
	-----	-----	-----	
Operating income before depreciation and amortization (a) .....	\$ 385.0	\$ 347.7	\$ 37.3	10.7%
	=====	=====	=====	
	Three Months Ended June 30,		Increase	
	1996	1995	\$	%
Service income .....	\$ 396.0	\$ 362.5	\$ 33.5	9.2%
Operating, selling, general and administrative expenses .....	196.0	179.9	16.1	8.9
	-----	-----	-----	
Operating income before depreciation and amortization (a) .....	\$ 200.0	\$ 182.6	\$ 17.4	9.5%
	=====	=====	=====	

(a) See footnote (1) on page 17.

Of the increases in service income of \$68.7 million and \$33.5 million for the six and three month periods from 1995 to 1996, \$17.3 million and \$8.1 million are attributable to subscriber growth, \$41.3 million and \$21.4 million relate to changes in rates, \$4.4 million and \$3.6 million are attributable to growth in advertising sales and \$5.7 million and \$400,000 relate to growth in other product offerings.

Of the \$31.4 million and \$16.1 million increases in operating, selling, general and administrative expenses for the six and three month periods from 1995 to 1996, \$15.1 million and \$6.5 million are attributable to increases in the costs of cable programming as a result of subscriber growth, additional programming offerings and changes in rates and \$16.3 million and \$9.6 million result 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.



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Cellular Communications

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

	Six Months Ended June 30,		Increase	
	1996	1995	\$	%
Service income .....	\$ 207.1	\$ 176.4	\$ 30.7	17.4%
Operating, selling, general and administrative expenses .....	136.0	105.6	30.4	28.8
	-----	-----	-----	
Operating income before depreciation and amortization (a) .....	\$ 71.1	\$ 70.8	\$ 0.3	0.4%
	=====	=====	=====	
	Three Months Ended June 30,		Increase	
	1996	1995	\$	%
Service income .....	\$ 108.9	\$ 94.3	\$ 14.6	15.5%
Operating, selling, general and administrative expenses .....	66.3	54.7	11.6	21.2
	-----	-----	-----	
Operating income before depreciation and amortization (a) .....	\$ 42.6	\$ 39.6	\$ 3.0	7.6%
	=====	=====	=====	

(a) See footnote (1) on page 17.

Of the \$30.7 million and \$14.6 million increases in service income for the six and three month periods from 1995 to 1996, \$40.1 million and \$19.4 million are attributable to the Company's subscriber growth. Offsetting these increases are decreases of \$9.4 million and \$4.8 million resulting primarily from a reduction in the average rate per minute of use from 1995 to the same periods in 1996.

Of the \$30.4 million and \$11.6 million increases in operating, selling, general and administrative expenses for the six and three month periods from 1995 to 1996, \$18.0 million and \$5.3 million are related to subscriber growth, including the costs to acquire and service subscribers. The remaining increases of \$12.4 million and \$6.3 million are due to increases in other expenses, including subscriber retention costs, administrative costs and theft of service in 1996.

Consolidated Analysis

The \$62.7 million decrease in depreciation and amortization expense for the six month period from 1995 to 1996 is attributable to the effects of the rebuild of certain of the Company's cellular equipment in 1995, as described below, partially offset by the effects of the QVC Acquisition and capital expenditures. The \$23.9 million increase in depreciation and amortization expense for the three month period from 1995 to 1996 is primarily attributable to the effects of capital expenditures.

In 1995, the Company's cellular division purchased approximately \$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. During the first quarter of 1995, the Company charged approximately \$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.

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The \$17.4 million and \$200,000 increases in interest expense for the six and three month periods from 1995 to 1996 are due to increased levels of debt, including the debt related to the QVC Acquisition, offset by interest capitalized in 1996 and decreases in rates. 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 \$110.1 million decrease in investment income for the six month period from 1995 to 1996 is primarily attributable to the effects of the Heritage Transaction (as defined below) in 1995, partially offset by gains recognized on sales of long-term investments, including the Nextel Gain. The \$24.0 million increase in investment income for the three month period from 1995 to 1996 is primarily attributable to the Nextel Gain.

In January 1995, the Company exchanged its investments in Heritage Communications, Inc. with TCI for approximately 13.3 million publicly-traded Class A common shares of TCI with a fair market value of approximately \$290.0 million. Shortly thereafter, the Company sold approximately 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 in the first quarter of 1995.

The \$22.4 million and \$4.3 million increases in equity in net losses of affiliates for the six and three month periods from 1995 to 1996 are primarily due to the effects of increased losses incurred by Sprint Spectrum.

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 "IPO"). In connection with the 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 a reorganization 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 (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 condensed consolidated statement of operations and accumulated deficit for the six and three months ended June 30, 1996 (the "TCGI Gain"). After giving effect to the Reorganization and the 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 will continue to account for its interest in TCGI under the equity method.

The increases in other expenses are primarily attributable to the settlement of certain litigation during the six months ended June 30, 1996.

The increases in income tax expense are primarily attributable to the tax effect of the TCGI Gain recorded during the three months ended June 30, 1996.

For the six and three months ended June 30, 1996 and 1995, the Company's earnings before extraordinary items, minority interest, income tax expense, equity in net losses of affiliates and fixed charges (interest expense) were \$307.1 million, \$250.6 million, \$186.6 million and \$121.4 million, respectively. Excluding the TCGI Gain and the Nextel Gain, totaling \$70.3 million, recognized in the second quarter of 1996 and the \$141.0 million gain recognized

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in the first quarter of 1995 in connection with the Heritage Transaction, such earnings were not adequate to cover the Company's fixed charges, including capitalized interest of \$14.7 million and \$7.6 million for the six and three months ended June 30, 1996, respectively, of \$282.7 million, \$250.6 million, \$140.8 million and \$133.0 million for the six and three months ended June 30, 1996 and 1995, respectively. Fixed charges include non-cash interest, net of interest capitalized, of \$32.2 million, \$27.4 million, \$16.1 million and \$13.9 million for the six and three months ended June 30, 1996 and 1995, respectively. The inadequacy of these earnings to cover fixed charges is primarily due to the substantial non-cash charges for depreciation and amortization expense, including the first quarter 1995 charge associated with the Cellular Rebuild.

The Company believes that its losses and inadequacy of earnings to cover fixed charges 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.

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PART II. OTHER INFORMATION

ITEM 1. 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 or results of operations.

ITEM 4. Submission of Matters to a Vote of Security Holders

At the Annual Meeting on June 19, 1996, the shareholders approved the following proposals:

To elect ten directors to serve for the ensuing year and until their respective successors shall have been duly elected and qualified.

Director	Class of Stock	For	Withheld
Ralph J. Roberts	Class A	29,547,034	149,492
	Class B	131,793,750	
Julian A. Brodsky	Class A	29,584,638	111,888
	Class B	131,793,750	
Brian L. Roberts	Class A	29,600,438	96,088
	Class B	131,793,750	
Daniel Aaron	Class A	28,872,658	823,868
	Class B	131,793,750	
Gustave G. Amsterdam	Class A	29,582,540	113,986
	Class B	131,793,750	
Sheldon M. Bonovitz	Class A	28,874,811	821,715
	Class B	131,793,750	
Joseph L. Castle II	Class A	29,598,588	97,938
	Class B	131,793,750	
Bernard C. Watson	Class A	29,596,888	99,638
	Class B	131,793,750	
Irving A. Wechsler	Class A	28,878,215	818,311
	Class B	131,793,750	
Anne Wexler	Class A	29,580,506	116,020
	Class B	131,793,750	

To approve the Comcast Corporation 1996 Stock Option Plan.

Class of Stock	For	Against	Abstain	Broker Nonvote
Class A	17,032,087	4,996,914	146,474	7,521,051
Class B	131,793,750			

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To amend the Company's Articles of Incorporation to conform the requirements for class voting with those of the Pennsylvania Business Corporation Law of 1988.

Class of Stock	For	Against	Abstain	Broker Nonvote
Class A	20,242,047	2,117,823	71,878	7,264,778
Class B	131,793,750			
Class A Special	131,777,911	5,048,537	346,024	

To amend the Company's Articles of Incorporation to provide for mirror spin-offs, mergers and other similar transactions.

Class of Stock	For	Against	Abstain	Broker Nonvote
Class A	20,230,396	2,103,749	97,603	7,264,778
Class B	131,793,750			
Class A Special	131,051,853	5,731,711	388,908	

To ratify the appointment of Deloitte & Touche LLP as the Company's independent auditors for the 1996 fiscal year.

Class of Stock	For	Against	Abstain
Class A	29,564,098	91,578	40,850
Class B	131,793,750		

ITEM 6. Exhibits and Reports on Form 8-K

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

- 10.1/\*\*/ 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.
- 11.1 Computation of Net (Loss) Income Per Share.
- 27.1 Financial Data Schedule.
- 27.2 Restated Financial Data Schedule.

- - - - -

/\*\*/ 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.

COMCAST CORPORATION AND SUBSIDIARIES  
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QUARTER ENDED JUNE 30, 1996

(b) Reports on Form 8-K:

- (i) The Company filed a Current Report on Form 8-K under Item 5 on April 10, 1996 relating to its agreement to purchase the cable television operations of The E.W. Scripps Company, which included the Company's Unaudited Pro Forma Condensed Consolidated Financial Statements as of and for the year ended December 31, 1995.
- (ii) The Company filed a Current Report on Form 8-K under Item 5 on May 9, 1996 relating to its purchase of the National Basketball Association ("NBA") franchise to own and operate the Philadelphia 76ers basketball team, and related assets.
- (iii) The Company filed a Current Report on Form 8-K under Item 5 on May 28, 1996, as amended by a Current Report on Form 8-K/A filed on July 22, 1996, relating to its agreement to purchase the cable television operations of The E.W. Scripps Company, which included the Company's Unaudited Pro Forma Condensed Consolidated Financial Statements as of and for the three months ended March 31, 1996 and for the year ended December 31, 1995.

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SIGNATURE

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMCAST CORPORATION  
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/s/ LAWRENCE S. SMITH  
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Lawrence S. Smith  
Executive Vice President  
(Chief Accounting Officer)

Date: August 14, 1996

COMPUTATION OF NET (LOSS) INCOME PER SHARE  
(amounts in thousands, except per share data)

	Six months ended June 30, 1996	1995	Three months ended June 30, 1996	1995
(Loss) income before extraordinary item	(\$16,744)	(\$29,922)	\$17,860	(\$29,294)
Extraordinary item	1,013		1,013	
	-----	-----	-----	-----
Net (loss) income	(\$17,757)	(\$29,922)	\$16,847	(\$29,294)
	=====	=====	=====	=====
NO DILUTION				
Weighted average number of common shares outstanding during the period	237,624	239,541	235,827	239,674
	=====	=====	=====	=====
(Loss) income before extraordinary item per share	(\$.07)	(\$.12)	\$.07	(\$.12)
Extraordinary item per share				
	-----	-----	-----	-----
Net (loss) income per share	(\$.07)	(\$.12)	\$.07	(\$.12)
	=====	=====	=====	=====
PRIMARY				
Weighted average number of common shares outstanding during the period	237,624	239,541	235,827	239,674
	-----	-----	-----	-----
Common share equivalents				
Stock options (b)	(a)	(a)	5,150	(a)
Put options	(a)	(a)	(a)	(a)
	-----	-----	-----	-----
Weighted average number of common shares and common share equivalents outstanding during the period	237,624	239,541	240,977	239,674
	=====	=====	=====	=====
(Loss) income before extraordinary item per share	(\$.07)	(\$.12)	\$.07	(\$.12)
Extraordinary item per share				
	-----	-----	-----	-----
Net (loss) income per share	(\$.07)	(\$.12)	\$.07	(\$.12)
	=====	=====	=====	=====
FULLY DILUTED				
Weighted average number of common shares outstanding during the period	237,624	239,541	235,827	239,674
	-----	-----	-----	-----
Common share equivalents				
Stock options (b)	(a)	(a)	5,454	(a)
Put options	(a)	(a)	(a)	(a)
Convertible debentures	(a)	(a)	(a)	(a)
	-----	-----	-----	-----
Weighted average number of common shares and common share equivalents outstanding during the period	237,624	239,541	241,281	239,674
	=====	=====	=====	=====
(Loss) income before extraordinary item per share	(\$.07)	(\$.12)	\$.07	(\$.12)
Extraordinary item per share				
	-----	-----	-----	-----
Net (loss) income per share	(\$.07)	(\$.12)	\$.07	(\$.12)
	=====	=====	=====	=====

(a) Not applicable, as inclusion would be antidilutive.

(b) Computed using the treasury stock method, where applicable.

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.

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6-MOS	
	DEC-31-1996
	JUN-30-1996
	407,664
	133,926
	418,456
	(78,450)
	243,120
	1,243,069
	2,989,329
	(1,031,743)
	9,623,573
1,039,061	
	7,120,289
	0
	0
	233,375
9,623,573	(1,188,652)
	1,896,306
1,896,306	(512,380)
	(1,654,381)
	(60,321)
	0
(267,993)	
	(21,226)
	(24,612)
(16,744)	
	0
	(1,013)
	0
	(17,757)
	(.07)
	(.07)

loss before income tax expense and other items excludes the effect of minority interests, net of tax, of \$29,094.

This restated 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.

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	3-MOS	
	DEC-31-1996	
	MAR-31-1996	
		510,150
		199,575
		453,922
		(86,133)
		240,753
	1,426,325	
		2,839,028
		(982,195)
		9,657,930
1,009,572		
		7,101,045
	0	
		0
		236,563
9,657,930		(1,128,133)
		950,744
	950,744	
		(270,146)
		(837,494)
		(34,502)
		0
(134,814)		
		(48,810)
		(864)
(34,604)		
		0
		0
		0
		(34,604)
		(.14)
		(.14)

Loss before income tax expense and other items excludes the effect of minority interests, net of tax, of \$15,070.