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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, 1997

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
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 January 30, 1998, the aggregate market value of the Class A Common Stock and Class A Special Common Stock held by non-affiliates of the Registrant was $919.7 million and $9.743 billion, respectively.

As of January 30, 1998, there were 317,530,008 shares of Class A Special Common Stock, 31,792,325 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 1998.

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COMCAST CORPORATION
1997 FORM 10-K ANNUAL REPORT

TABLE OF CONTENTS

PART I

PART III

PART IV

This Annual Report on Form 10-K for the year ended December 31, 1997, 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 hybrid fiber-coaxial broadband cable networks, cellular and personal communications systems and the provision of content.

The Company's consolidated domestic cable operations served approximately 4.4 million subscribers and passed more than 7.1 million homes as of December 31, 1997. The Company owns a 50% interest in Garden State Cablevision L.P. ("Garden State"), a cable communications company serving more than 208,000 subscribers and passing more than 297,000 homes in the State of New Jersey. Satellite delivered video service is provided through the Company's equity interest in and distribution arrangements with Primestar Partners, L.P. ("Primestar") (see "Description of the Company's Businesses - Cable Communications - Direct Broadcast Satellite Operations"). In the United Kingdom ("UK"), 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 (see "General Developments of Business - Sale of Comcast UK Cable").

The Company provides cellular telephone communications services pursuant to licenses granted by the Federal Communications Commission ("FCC") in markets with a population ("Pops") of more than 8.2 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. Personal communications services ("PCS") are provided through the Company's investment in Sprint Spectrum Holdings Company, L.P. ("Sprint Spectrum" or "Sprint PCS").

Content is provided through the Company's majority-owned subsidiaries, QVC, Inc. ("QVC"), an electronic retailer and E! Entertainment Television, Inc. ("E! Entertainment"), and other investments, including Comcast SportsNet, The Golf Channel, The Speedvision Network ("Speedvision") and The Outdoor Life Network ("Outdoor Life"). Through QVC, the Company markets a wide variety of products and is available, on a full and part-time basis, to over 68 million homes in the United States ("US"), over 6.5 million homes in the UK and over 9.5 million homes in Germany (see "Description of the Company's Businesses - Content - Electronic Retailing - Distribution Channels").

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 in Item 8 for information about the Company's operations by industry segment.

GENERAL DEVELOPMENTS OF BUSINESS

The Company entered into a number of significant transactions in 1997 and subsequent to December 31, 1997. These transactions are summarized below and are more fully described in Note 3 to the Company's consolidated financial statements in Item 8.

Sale of Comcast UK Cable
On February 4, 1998, Comcast UK Cable, a consolidated subsidiary of the Company, entered into a definitive agreement to be acquired by NTL Incorporated ("NTL"), an alternative telecommunications company in the UK. Pursuant to certain conditions, the Company is expected to receive 4.8 million shares of NTL common stock in exchange for all of the shares of Comcast UK Cable held by the Company (the "NTL Transaction"). Based on the closing price of the NTL common stock on February 4, 1998 of $32.00 per share, the Company is expected to recognize a pre-tax gain of $81.4 million upon closing of the NTL Transaction. The NTL Transaction is expected to close in 1998, subject to the receipt of necessary regulatory and shareholder approvals, the consent of the bondholders of Comcast UK Cable and NTL, as well as the consent of certain NTL bank lenders.

AT&T Acquisition of TCGI

On January 8, 1998, AT&T Corporation ("AT&T") entered into a definitive merger agreement with Teleport Communications Group, Inc. ("TCGI"). Upon closing of the merger (the "AT&T Transaction"), the Company is expected to receive 24.2 million shares of AT&T common stock in exchange for all of the shares of TCGI held by the Company. Based on the closing price of the AT&T common stock on January 30, 1998 of $62.625 per share, the Company is expected to recognize a pre-tax gain of approximately $1.390 billion upon closing of the AT&T Transaction. The AT&T Transaction is expected to close in 1998, subject to receipt of necessary regulatory and shareholder approvals.

E! Entertainment

On March 31, 1997, the Company, through Comcast Entertainment Holdings LLC (the "LLC"), which is owned 50.1% by the Company and 49.9% by The Walt Disney Company ("Disney"), purchased a 58.4% interest in E! Entertainment from Time Warner, Inc. ("Time Warner") for $321.9 million (the "E! Acquisition"). In connection with the E! Acquisition, the Company contributed its 10.4% interest in E! Entertainment to the LLC. In December 1997, the LLC acquired the 10.4% interest in E! Entertainment held by Cox Communications, Inc. ("Cox") for $57.1 million. Following these transactions, the LLC owns a 79.2% interest in E! Entertainment.

Microsoft Investment

On June 30, 1997, the Company and Microsoft Corporation ("Microsoft") completed a Stock Purchase Agreement. Microsoft purchased and the Company issued 24.6 million shares of the Company's Class A Special Common Stock, par value $1.00 per share, at $20.29 per share, for $500.0 million and 500,000 shares of the Company's newly issued 5.25% Series B Mandatorily Redeemable Convertible Preferred Stock, par value $1,000 per share, for $500.0 million.

Offerings of Subsidiary Debt

In May 1997, Comcast Cable Communications, Inc. ("Comcast Cable") and Comcast Cellular Corporation (formerly Comcast Cellular Holdings, Inc.) ("Comcast Cellular"), both wholly owned subsidiaries of the Company, sold a total of $2.7 billion of nonrecourse public debt with interest rates ranging from 8 1/8% to 9 1/2% and maturity dates from 2004 to 2027. Comcast Cable and Comcast Cellular used the net proceeds from the offerings to repay existing borrowings by their subsidiaries.

DESCRIPTION OF THE COMPANY'S BUSINESSES

CABLE COMMUNICATIONS

Technology and Capital Improvements

Comcast Cable's broadband networks, which receive signals by means of special antennae, microwave relay systems, earth stations and fiber optic cable lines, distribute a variety of video, telecommunications and data services to consumers and businesses.

The Company is continuing to upgrade most of its cable systems, deploying fiber optic cable and upgrading the technical quality of its broadband network. The result is an increase in channel capacity and system reliability, facilitating the delivery of additional video programming and other services such as enhanced video, high-speed Internet access and telephony. The Company's cable communications systems have bandwidth capacities ranging from 300-MHz to 860-MHz, which permits carriage of 37 to 112 analog channels. As of December 31, 1997, approximately 85% of the Company's broadband network had at least a 62-channel capacity. During 1997, the Company began field testing its digital converter cable service in Southern California. Digital compression will enable the Company to increase the channel capacity of its cable communications systems to more than 100 channels, as well as to improve picture quality. The Company has entered into agreements with suppliers of digital converters for delivery commencing in 1998.

In October 1997, the Company entered into a "social contract" with the FCC (see "Legislation and Regulation"). Pursuant to this agreement, the Company has committed that by March 31, 1999, 80% of the Company's cable subscribers will be served by a system with a capacity of at least 550-MHz and at least 60% of the Company's cable subscribers will be served by a system with a capacity of at least 750-MHz. In addition, the Company has agreed to provide free cable service connections, modems and modem service to schools and to 250 public libraries in communities where the Company commercially deploys cable modem service to residential customers.

Franchises

Cable communications systems are 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 up to 5% of "revenues" (as defined by each franchise agreement), which fees may generally 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, renewals may include less favorable terms and conditions. Furthermore, the governmental authority may choose to award additional franchises to competing companies at any time. In addition, under the 1996 Telecom Act, certain providers of programming services may be exempt from local franchising requirements (see "Competition" and "Legislation and Regulation").

Revenue Sources

The Company's cable communications systems offer varying levels of service for a monthly fee. These fees may be for a grouping (i.e. "package") of channels (i.e. "product tier"), equipment rentals, modem services and for other products and services. Packages of channels may consist of television 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. The Company also offers and may receive an additional monthly fee for 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. The charge for Pay Cable services varies with the type and level of service selected by the subscriber. Monthly service and equipment rates and related charges vary in accordance with the type of service selected by the subscriber. Subscribers typically pay on a monthly basis and generally may discontinue services at any time (see "Legislation and Regulation").

In addition to recurring monthly subscription fees, the Company also generates revenues from advertising sales, pay-per- view services, installation services, commissions from electronic retailing (see "Description of the Company's Businesses - Content - Electronic Retailing") and other services. The Company derives revenues from the sale of advertising time to local, regional and national advertisers on networks such as ESPN, MTV and USA. Pay-per-view services permit a subscriber to order, for a separate fee, individual feature motion pictures and special event programs.

In December 1996, the Company began marketing At Home Corporation's ("@Home") high-speed cable modem services in areas served by certain of its cable systems. The @Home service allows residential subscribers to connect their personal computers via cable modems to a new high-speed national network developed and managed by @Home. This service enables subscribers to receive access to online information, including the Internet, at faster speeds than that of conventional or Integrated Service Digital Network ("ISDN") modems. For businesses, the Company, through @Home, provides a platform for Internet, intranet and extranet connectivity solutions and networked business applications. @Home and the Company aggregate content, sell advertising to businesses and provide services to @Home subscribers. As of December 31, 1997, the Comcast @Home service was available to be marketed to over 865,000 homes in six markets and had more than 9,700 customers (see "Description of the Company's Businesses - Content - Cable Television Programming Investments").

The Company's sales efforts are primarily directed toward increasing penetration and incremental revenues in its franchise areas. The Company sells its cable communications services through telemarketing, direct mail advertising, promotional campaigns, door-to-door selling, local media and newspaper advertising.

Programming

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 and incentives to the Company. The Company's programming contracts are generally for a fixed period of time and are subject to negotiated renewal. The Company anticipates that future contract renewals will result in programming costs exceeding current levels, particularly for sports programming.

Customer Service

The Company is currently consolidating the majority of its local customer service call centers into large regional operations, consistent with its focus on clustering of operations. These regional call centers have technologically advanced telephone systems that provide the capability of 24-hour per day call answering, telemarketing and other services. These centers will allow the Company to better serve its customer base, as well as to cross-market new products and services to subscribers. As of December 31, 1997, eight of these call centers were in operation, serving approximately 2.1 million subscribers. The Company intends to expand the number of call centers in operation to 10 in 1998, bringing the total number of subscribers served by a call center to approximately 2.6 million by December 31, 1998. Customer service is provided to subscribers in the remaining cable systems primarily through local system-based representatives.

Company's Systems

The table below sets forth a summary of Homes Passed, Cable Subscribers and Cable Penetration information for the Company's domestic cable communications systems as of December 31 (homes and subscribers in thousands):

	1997	1996 (5)	1995	1994 (6)	1993
Homes Passed (1)(4)............................	7,138	6,975	5,570	5,491	4,211
Cable Subscribers (2)(4).......................	4,366	4,280	3,407	3,307	2,648
Cable Penetration (3)(4).......................	61.2%	61.4%	61.2%	60.2%	62.9%

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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) Cable Subscribers as a percentage of Homes Passed.
(4) Consists of systems whose financial results are consolidated with those of the Company. Amounts do not include information for the Company's 50% investment in Garden State or the Hattiesburg, Mississippi system managed by the Company in which the Company has less than a 50% interest. As of December 31, 1997, total Homes Passed and Cable Subscribers for such entities were 336,000 and 233,000, respectively.
(5) In November 1996, the Company acquired the cable television operations of The E.W. Scripps Company.
(6) In December 1994, the Company acquired the US cable television operations of Maclean Hunter Limited.

System Clusters

The Company manages the majority of its systems in geographic clusters to increase operating efficiencies. Clustering permits an increased emphasis by the Company upon more uniform, efficient and cost effective delivery of customer service and support. The following table is a summary of Homes Passed, Cable Subscribers and Cable Penetration for the Company's ten largest regional cable television clusters as of December 31, 1997 (homes and subscribers in thousands):

Geographic Cluster	Homes Passed	Cable Subscribers	Cable Penetration
New Jersey......................................	940.0	596.6	63.5%
Florida...	912.9	553.0	60.6%
Michigan..	964.9	492.3	51.0%
Baltimore Area..................................	661.7	453.2	68.5%
Philadelphia Area...............................	499.7	302.9	60.6%
Southern California.............................	508.6	271.9	53.5%
Tennessee.......................................	426.7	262.1	61.4%
Sacramento......................................	458.2	236.1	51.5%
Indianapolis....................................	365.8	227.7	62.2%
Alabama...	315.8	210.5	66.7%
	6,054.3	3,606.3	59.6%
Other Systems...................................	1,083.8	759.9	70.1%
Total...	7,138.1	4,366.2	61.2%

Direct Broadcast Satellite ("DBS") Operations

The Company holds a 10.4% general and limited partnership interest in Primestar, which is principally engaged in the business of acquiring, originating and/or providing television programming services delivered by satellite through a network of distributors, including the Company, throughout the US. Primestar is the oldest Ku-band satellite service in the US with the second largest subscriber base of any US digital satellite television service. Primestar currently offers over 160 channels of entertainment programming for distribution via medium-power satellite to subscribers' home satellite dishes ("HSDs")of approximately 27 to 36 inches in diameter.

The Company, through a wholly owned subsidiary, distributes the Primestar DBS service (the "Primestar Service") (see "Competition") to subscribers within specified areas of 19 states in the US. The Company uses independent sales agents, national retailers (e.g. Radio Shack) and localized advertising campaigns to promote demand for the Primestar Service. As of December 31, 1997, the Company provided the Primestar Service to more than 181,000 subscribers.

Restructuring of Primestar Operations

On February 6, 1998, the Company entered into a Merger and Contribution Agreement (the "Merger and Contribution Agreement") with Primestar and the affiliates of each of the other partners of Primestar, including TCI Satellite Entertainment, Inc. ("TSAT"), a publicly-traded company, pursuant to which the Company's DBS operations, the Company's partnership interests in Primestar and the Primestar partnership interests and the DBS operations of the other partners of Primestar will be consolidated into a newly formed company ("New Primestar"). Under the terms of the Merger and Contribution Agreement, upon closing of the transactions, it is expected that New Primestar, through a series of transactions, will pay the Company approximately $83 million (based upon the number of the Company's subscribers to the Primestar Service as of December 31, 1997), and that the Company would own approximately 10% of New Primestar common equity, both subject to adjustment based on the number of the Company's subscribers to the Primestar Service, inventory amounts and other factors as of the closing of the transactions. Subject to receipt of regulatory approval and other conditions, after the closing of the transactions, TSAT will merge with and into New Primestar in a transaction in which TSAT's outstanding common shares will be converted into common shares of New Primestar. As of December 31, 1997 and for the year then ended, the assets and revenues of the Company's DBS operations totaled $162.8 million and $114.1 million, respectively.

In June 1997, Primestar entered into an agreement with The News Corporation Limited, MCI Telecommunications Corporation and American Sky Broadcasting LLC ("ASkyB"), pursuant to which Primestar (or, under certain conditions, New Primestar) will acquire certain assets relating to a high-power DBS business (the "ASkyB Transaction"). In exchange for such assets, ASkyB will receive non-voting securities of New Primestar that will be convertible into non-voting common stock of New Primestar, and, accordingly, will reduce the Company's common equity interest in New Primestar to approximately 7% on a fully diluted basis, subject to adjustment.

The Merger and Contribution Agreement and the ASkyB Transaction are not conditioned on each other and may close independently. The Merger and Contribution Agreement is expected to close in 1998, subject to receipt of TSAT shareholder approval. The ASkyB Transaction is expected to close in 1998, subject to receipt of all necessary governmental and regulatory approvals, including the approval of the FCC. There can be no assurance that such approvals will be obtained.

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 and upon superior technical performance and customer service.

The 1996 Telecom Act makes it easier for local exchange carriers ("LECs") and others to provide to subscribers a wide variety of video services competitive with services provided by cable systems. 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 cable networks and the use of wireless transmission facilities. LECs in various states either have announced plans, obtained local franchise authorizations or are currently competing with certain of the Company's cable communications systems. An affiliate of Ameritech Corporation ("Ameritech") has obtained approximately 12 cable franchises in its telephone service areas that are currently served by the Company and competes directly with the Company to provide video and other broadband services to subscribers. LECs and other companies 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. Cable systems could be placed at a competitive disadvantage if the delivery of video and interactive online computer 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. Issues of cross-subsidization by LECs of video, data and telephony services also pose strategic disadvantages for cable operators seeking to compete with LECs which provide such services. The Company cannot predict the likelihood of success of such video or broadband service ventures by LECs or the impact on the Company of such competitive ventures (see "Legislation and Regulation").

Cable communications systems 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. Well-financed businesses from outside the cable industry (such as public utilities that own certain of the poles to which cable is attached) may become competitors for franchises or providers of competing services (see "Legislation and Regulation").

Congress has enacted legislation and the FCC has adopted regulatory 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, DBS service whereby signals are transmitted by satellite to receiving facilities located on customer premises. Programming is currently available to individual households, condominiums, apartment and office complexes through conventional, medium and high-power satellites. DBS providers can offer more than 100 channels to their subscribers. Several major companies are offering or are currently developing nationwide high-power DBS services, including DirecTV, EchoStar Communications Corporation and ASkyB. Additionally, Primestar offers video programming from a medium-power DBS satellite system (see "DBS Operations"). DBS systems 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 and installation costs and a lack of local programming and service. The FCC and Congress are presently considering proposals to enhance the ability of DBS providers to gain access to additional programming and to authorize DBS carriers to transmit local signals to local markets.

The availability of reasonably-priced HSDs also 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").

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. The 1984 Cable Act also 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 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 Company is developing competitive packages of services (video, data and telephony) to offer to such developments.

Cable communications systems also compete with wireless program distribution services such as multichannel, multipoint distribution services ("MMDS") which use low-power microwave frequencies to transmit video programming over-the-air to subscribers. There are MMDS operators which are authorized to provide or are providing broadcast and satellite programming to subscribers in areas served by the Company's cable systems. Additionally, the FCC adopted regulations allocating frequencies in the 28-GHz band for a new multichannel wireless video service called Local Multipoint Distribution Service ("LMDS") that is similar to MMDS. The FCC initiated spectrum auctions for LMDS licenses in February 1998. The Company is unable to predict whether wireless video services will have a material impact on its operations.

Competition in the online services area is significant. Recently, a number of large corporations in the telecommunications and technology industries, including the Regional Bell Operating Companies ("RBOCs"), GTE Corporation, Microsoft, Compaq Computer Corporation and Intel Corporation, announced the formation of a working group to accelerate the deployment of Asymmetric Digital Subscriber Line ("ADSL") technology. It is anticipated that ADSL technology will allow Internet access at peak data transmission speeds equal to or greater than that of modems over conventional telephone lines. Bell Atlantic Corporation ("Bell Atlantic") recently requested the FCC to fully deregulate packet-switched networks to allow it to provide high-speed broadband services, including online services, without regard to present Local Access Transport Area ("LATA") boundaries and other regulatory restrictions. Competitors in the online services area include existing Internet service providers, LECs, long distance carriers and others, many of whom have more substantial resources than the Company. The Company cannot predict the likelihood of success of the online services offered by the Company's competitors or the impact on the Company of such competitive ventures.

Other new technologies 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. PCS license holders, including cable operators, are able to provide competitive voice and data services (see "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.

CELLULAR TELEPHONE COMMUNICATIONS

Company's Systems

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. As of December 31, 1997, the Company's consolidated systems covered a total population of over 8.2 million and served more than 783,000 customers, representing a penetration rate of 9.5%.

Revenue Sources

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. The Company charges its customers for service activation, monthly access, per-minute airtime and custom calling features, and generally offers a variety of pricing options, most of which combine a fixed monthly access fee and per-minute charges. The Company pays the local telephone service company directly for interconnection of cellular networks with the wireline telephone network.

The Company offers products and services to increase the value to the customer of the basic telephony service and to increase airtime revenues. Such products include paging services, enhanced directory assistance and concierge services, voice activated dialing, enhanced voice mail and prepaid calling. The deployment of digital technology (see "Technology and Capital Improvements") has allowed the Company to offer additional services such as caller identification, short messaging, message waiting indicators and enhanced call privacy through encryption. In addition, the Company offers data transmission over its existing cellular network, which allows the rapid transfer of data to and from personal computers, personal digital assistants and other devices.

The Company currently markets its services under the Comcast MetrophoneSM brand name in the Philadelphia, PA metropolitan statistical area ("MSA") and under the Comcast CELLULARONE(R) brand name in its other markets in New Jersey and Delaware. The Company markets its products and services through multiple distribution channels throughout its contiguous markets. These channels include direct channels, such as its direct sales force, retail stores and telemarketing, and indirect channels, such as national and local retailers and automotive dealers. The Company's long-term emphasis is on the development of its direct distribution channels, particularly its own retail outlets and telemarketing, as a means to reduce the cost to acquire subscribers and improve the quality of new subscribers. The Company operates 54 retail outlets in its markets and anticipates building additional retail outlets, as well as upgrading its existing retail outlets in the future.

The Company sells cellular telephone equipment to its customers in order to encourage use of its services. The Company's practice, as is typical in the industry, is to sell telephones at or below cost in response to competitive pressures.

Technology and Capital Improvements

Each of the Company's service areas 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 so that a cellular telephone may be used wherever cellular service is available within the US. 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 historically has been 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 significant investment in switching and cell site equipment manufactured by Lucent Technologies, Inc. enabled it to deploy Time Division Multiple Access ("TDMA") digital cellular technology throughout its Pennsylvania/New Jersey and Delaware network. This technology was implemented at the beginning of the fourth quarter of 1997. The deployment of this technology permits the Company's subscribers and roamers to use both analog and TDMA services throughout the Company's coverage area. The Company believes that it will have sufficient capacity to accommodate both continued subscriber growth and growth in subscriber minutes for the foreseeable future.

Roaming and Interconnection

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. The Company also offers various service plans which allow customers who roam out of the Company's service area to pay the same rates charged for local service in the Company's service area, rather than passing through higher roaming rates customarily charged by many cellular carriers. This billing practice provides the customer, in effect, with a broader local service area but results in increased costs for the Company. The Company has been reducing these costs through the continued negotiation of more favorable roaming agreements with cellular service providers in relevant markets.

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. While the use of digital radio technology is expected to make it more difficult to commit cellular fraud, fraudulent use of the Company's systems remains a significant concern.

Customer Service

In 1997 and 1996, the Company consolidated its New Jersey and Delaware operations, respectively, including customer care operations, into the operations of the Philadelphia market. The Company's sales and marketing presence (including through the Company's direct sales group and retail stores) and customer and dealer support will be maintained throughout the systems. In addition to overall reductions in operating costs and increases in operational efficiencies, such consolidation permits an increased emphasis by the Company upon more uniform, efficient and cost effective delivery of customer service and support.

The Company utilizes the MacroCell(R) billing and customer care platform developed and licensed by Cincinnati Bell Information Systems, Inc. ("CBIS"). Customer service representatives are able to access current billing information in order to respond to customer inquiries. To supplement the Company's customer service operations, Company telemarketers contact customers periodically to determine their satisfaction with the Company's service and to identify problems that can lead to subscriber cancellations.

Licensing

The FCC generally grants two licenses to operate cellular telephone systems in each market. The other cellular licensee in the Company's principal markets is Bell Atlantic Mobile Systems, Inc. ("BAMS"). In addition to BAMS, the Company competes for wireless customers with affiliates of AT&T, the Sprint Corporation ("Sprint"), Omnipoint

Communications, Inc. ("Omnipoint") (which operate PCS networks) and Nextel Communications, Inc. ("Nextel") (which operates Specialized Mobile Radio ("SMR") networks).

Competition

In recent years, new mobile telecommunications service providers have entered the market and have created additional competition in the cellular/PCS telecommunications industry. 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 which are currently best suited for use in densely populated areas. Broadband PCS service is a direct competitor to cellular service. In the Company's Philadelphia market, AT&T Wireless Services, Inc., Omnipoint and PhillieCo, L.P., an affiliate of Sprint PCS, have authorizations for broadband PCS systems. The FCC recently modified the rules applicable to "C Block" broadband PCS licenses held by small businesses, minorities and women (known as "designated entities") to reduce the government debt now owed by these entities. "Designated entities," such as Omnipoint in the Philadelphia market, compete with the Company.

Cellular telephone systems, including the Company's systems, also face actual or potential competition from other current and developing technologies. In addition to SMR systems, 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. Nextel uses its available SMR spectrum in markets where the Company provides wireless service.

The FCC requires cellular licensees to provide service to resellers who 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. 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 (the "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. Also, the World Trade Organization ("WTO") agreement with respect to telecommunications, which became effective on February 5, 1998, is intended to increase competition and reduce barriers to entry by telecommunications firms in foreign and domestic markets, and may lead to greater foreign investment and participation in the US cellular/PCS telecommunications industry. These developments and further technological advances and regulatory changes may make available other alternatives to cellular service, thereby creating additional sources of competition.

OTHER SERVICES

The Company currently holds twelve 10-MHz PCS licenses and seventeen Wireless Communication Service ("WCS") licenses. The PCS licenses cover the Philadelphia and Allentown, PA markets, while the WCS licenses cover the majority of the US. 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. Further, during 1997 the Company acquired a reseller of long distance services and is currently offering such services to businesses in the Philadelphia market and plans to offer such services nationwide to consumers.

SPRINT PCS

The Company holds a 15% interest in Sprint PCS. Sprint PCS, a limited partnership owned by the Company, Tele-Communications, Inc. ("TCI"), Cox and Sprint, has obtained licenses to offer a full range of cellular/PCS telecommunications services to areas in the US with an aggregate population of approximately 250 million and is in the process of building a seamless integrated digital nationwide wireless communications network. As of December 31, 1997, Sprint PCS had launched its service in over 130 metropolitan markets. The proposed budget for 1998 for Sprint PCS has not yet been approved by the partnership board, which has resulted in the occurrence of a "Deadlock Event" as of January 1, 1998 under the partnership agreement. If the 1998 proposed budget is not approved through resolution procedures set forth in the partnership agreement, certain specified buy/sell procedures may be triggered, which may result in a restructuring of the partners' interests, the sale of the Company's interest, or, in limited circumstances, the sale of Sprint PCS.

CONTENT

Content consists primarily of the Company's 57% ownership interest in QVC, which is consolidated with and managed by the Company. In addition, the Company owns a controlling interest in E! Entertainment (see "General Developments of Business - - E! Entertainment") and maintains strategic investments in other programming ventures, including Comcast SportsNet, The Golf Channel, Speedvision and Outdoor Life.

ELECTRONIC RETAILING

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 its viewers. QVC television programming is produced at its facilities and is distributed via satellite to affiliated cable system operators and other multichannel video programming providers (the "Program Carriers") who have entered into carriage agreements (the "Affiliation Agreements") with QVC and who retransmit QVC programming to their subscribers.

Revenue Sources

QVC sells a variety of consumer products and accessories including jewelry, housewares, electronics, apparel and accessories, collectibles, toys and cosmetics. QVC purchases products from domestic and foreign manufacturers and wholesalers, often 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.

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. QVC's private label credit card program is 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.

Distribution Channels

In the US, QVC is transmitted live 24 hours a day, 7 days a week, to approximately 57 million cable television homes and on a part-time basis to approximately 1.6 million additional cable television homes. In addition, transmission can be received by approximately 9.7 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.

In December 1996, QVC launched an electronic retailing programming service in Germany. The service currently is available to over 9.5 million cable television and HSD-served homes in Germany. However, the Company estimates that only 3.0 million cable television homes have programmed their television sets to receive this service.

In December 1995, QVC launched its interactive shopping service ("iQVC") which is available through the Internet. The iQVC service offers a diverse array of merchandise, available on-line, 24 hours a day, 7 days a week.

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 6.5 million cable television and HSD-served homes in the UK and Ireland.

QVC Transmission
The QVC domestic 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. QVC subleases transponders for the transmission of its signals to the UK and Germany.

Program Carriers
QVC has entered into Affiliation Agreements with Program Carriers in the US to carry its programming. Generally, there are 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, 1997, approximately 31.1% 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 with 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.

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.

CABLE TELEVISION PROGRAMMING INVESTMENTS

The Company has made investments in cable television networks and other programming related enterprises as a means of generating additional interest among consumers in cable television. The Company's programming investments as of December 31, 1997 include:

Investment	Description	Ownership Percentage
@Home	Internet Services over Cable Television	12.3%
CN8-The Comcast Network	Regional and Local Programming	100.0%
Comcast SportsNet	Regional Sports Programming and Events	46.4% (A)
E! Entertainment	Entertainment-related News and Original Programming	39.7% (B)
The Golf Channel	Golf-related Programming	14.4%
Outdoor Life Network	Outdoor Activities	24.7%
Speedvision Network	Automotive, Marine and Aviation	20.2%
Sunshine Network	Regional Sports, Public Affairs and General Entertainment	16.1%
Viewer's Choice	Pay-per-view Programming	10.0%

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(A) Represents the Company's 66.3% ownership of Comcast Spectacor, L.P., which holds a 70.0% ownership interest in Comcast SportsNet.

(B) Represents the Company's 50.1% ownership of Comcast Entertainment Holdings LLC, which holds a 79.2% ownership interest in E! Entertainment.

@Home

In 1996, the Company, along with TCI, Cox and Kleiner Perkins Caufield & Byers, invested in @ Home, a provider of Internet services via the cable modem over the cable television infrastructure to consumers and businesses.

CN8-The Comcast Network

CN8-The Comcast Network, the Company's local and regional programming service, was created in late 1996 and presently serves more than 1.5 million of the Company's cable subscribers in Pennsylvania, New Jersey and Maryland. CN8 provides original programming, including local and regional news and public affairs, regional sports, health and cooking and family-oriented programming.

Comcast SportsNet

In July 1996, the Company acquired a 66.3% interest in Comcast Spectacor, L.P. ("Comcast-Spectacor"), a partnership that owns the Philadelphia Flyers NHL hockey team (the "Flyers"), the Philadelphia 76ers NBA basketball team (the "Sixers"), and their arenas. Comcast-Spectacor and the owner of the Philadelphia Phillies major league baseball team (the "Phillies") have formed a partnership, Philadelphia Sports Media, L.P. d/b/a Comcast SportsNet ("CSN"), which in October 1997 launched a 24-hour regional sports programming network ("Comcast SportsNet") in the Philadelphia television market. Comcast SportsNet telecasts Flyers, Sixers and Phillies games and other sports-related programming to approximately 2.5 million viewers in the Philadelphia region. CSN has entered into Affiliation Agreements to permit carriage of Comcast SportsNet with multichannel video programming distributors in the Philadelphia television market. Comcast SportsNet is delivered to affiliates by microwave, a terrestrial means of delivery. The Company and Comcast- Spectacor are currently parties to a proceeding at the FCC filed by a DBS provider seeking access to Comcast SportsNet programming.

E! Entertainment

E! Entertainment is an entertainment-related news and information service with distribution to approximately 46 million customers as of December 31, 1997. E! Entertainment seeks to attract viewers based on international interest in Hollywood and entertainment industry news, information and features. The Company obtained a controlling interest in E! Entertainment in March 1997 (see "General Developments of Business - E! Entertainment").

The Golf Channel

The Golf Channel is a 24-hour network devoted exclusively to golf programming. The programming schedule includes live golf coverage, golf instruction programs and golf news. In addition to the Company, the other partners in The Golf Channel include an affiliate of Fox, Inc., Times Mirror Corporation and other private investors. In January and February

1998, the Company entered into agreements to acquire an additional 28.9% interest in The Golf Channel for $76.2 million. These transactions are expected to close in the first quarter of 1998. After completion of these transactions, the Company's ownership interest in The Golf Channel will be 43.3%.

The Outdoor Life Network and The Speedvision Network
Outdoor Life, which was launched in July 1995, presents programming consisting primarily of outdoor life themes. Speedvision, which was launched in January 1996, presents a variety of programming of interest to automobile, boat and airplane enthusiasts including news, historical and other information and event coverage. The other partners in Outdoor Life and Speedvision include Cox and MediaOne Group ("MediaOne").

The Sunshine Network
The Sunshine Network is a regional sports and public affairs network, providing programming emphasizing Florida's local teams and events to more than 4.3 million homes in Florida. Programming rights on the network include eight professional teams, including the Orlando Magic and Miami Heat NBA basketball teams and the Tampa Bay Lightning NHL hockey team.

Viewer's Choice
Viewer's Choice, which is the brand-name operated by PPVN Holding Co. ("PPVN"), is a cable operator-controlled buying cooperative for pay-per-view programming. Viewer's Choice serves 925 affiliated systems with approximately 18 million addressable households. The other owners of PPVN include Time Warner, Cox, Disney, MediaOne and TCI.

LEGISLATION AND REGULATION

CABLE COMMUNICATIONS

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 1996 Telecom Act is the most comprehensive reform of the nation's telecommunications laws since the Communications Act. Although the long-term goal of the 1996 Telecom Act is to promote competition and decrease regulation of various communications industries, in the short-term the law delegates to the FCC (and in some cases to the states) broad new rulemaking authority. Principal responsibility for implementing the policies of the Cable Acts and the 1996 Telecom Act is allocated between the FCC and state or local franchising authorities. 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.

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 cable programming service tiers ("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 eliminates the right of individuals to file CPST rate complaints with the FCC and requires the FCC to issue a final order within 90 days after receipt of CPST rate complaints filed by any franchising authority. The 1992 Cable Act limits the ability of cable television systems to raise rates for basic and certain cable programming services (collectively, the "Regulated Services").

FCC regulations govern rates that may be charged to subscribers for 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, which contains a rebuttable presumption of an industry-wide 11.25% after tax rate of return on an operator's allowable rate base. Franchising authorities are empowered to regulate the rates charged for monthly basic service, 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. 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.

The 1996 Telecom Act provides for rate deregulation of CPSTs by March 1999, although legislation has been proposed to extend the regulatory period. Deregulation will occur sooner for systems in markets where comparable video programming services, other than DBS, are offered by local telephone companies, or their affiliates, or by third parties using the local telephone company's facilities, or where "effective competition" is established under the 1992 Cable Act. The 1996 Telecom Act also modifies the uniform rate provision of the 1992 Cable Act by prohibiting regulation of nonpredatory 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.

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. The FCC and the Company recently negotiated a "social contract" in which the Company has committed to complete certain system upgrades and improvements by March 1999 in return for which it may move a limited number of currently regulated programming services in certain cable systems to a single migrated product tier on each system that may become an unregulated new product tier after December 1997 (see "Description of the Company's Businesses - Cable Communications - Technology and Capital Improvements"). The Company is also currently in negotiations to settle pending proceedings involving the Company's basic service rates in certain of its systems. While the Company cannot predict the outcome of this action, the Company believes that the ultimate resolution of this proceeding 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 WGN), commercial radio stations and certain low-power television stations carried by such systems. In March 1997, the US Supreme Court upheld the constitutional validity of the 1992 Cable Act's mandatory signal carriage requirements. The FCC will conduct a rulemaking in the future to consider the requirements, if any, for mandatory carriage of digital television signals. The Company cannot predict the ultimate outcome of such a rulemaking or the impact of new carriage requirements on the Company or its business.

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.

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. The FCC has 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 up to 5% of "revenues" (as defined by each franchise agreement), which fees may be passed on to subscribers. Recently, a federal appellate court held that a cable operator's gross revenue includes all revenue received from subscribers, without deduction, and overturned an FCC order which had held that a cable operator's gross revenue does not include money collected from subscribers that is allocated to pay local franchise fees. The Company cannot predict the ultimate resolution of these matters. 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. 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 the number of franchises awarded within a community and to impose certain substantive franchise requirements (e.g. access channels, universal service and other technical requirements). These decisions have been 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. 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 made far-reaching changes in the regulation of LECs that provide cable services. The 1996 Telecom Act eliminated federal legal barriers to competition in the local telephone and cable communications businesses, preempted legal barriers to competition that previously existed in state and local laws and regulations, and set basic standards for relationships between telecommunications providers. The 1996 Telecom Act eliminated 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 on a non-discriminatory basis. The 1996 Telecom Act generally limits acquisitions and prohibits certain joint ventures between LECs and cable operators in the same market.

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 has 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 FCC's existing pole attachment rate formula, which may be modified by a pending rulemaking, governs charges for utilities for attachments by cable operators providing only cable services. 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. The FCC recently adopted 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 in February 2001. Any resulting increase in attachment rates will be phased in equal annual increments over a period of five years, beginning in February 2001. The ultimate impact of any revised FCC rate formula or of any new pole attachment rate regulations on the Company or its businesses cannot be determined at this time.

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. In December 1997, the FCC initiated a rulemaking to address a number of possible changes to its program access rules. Among the issues on which the FCC has sought comment is whether the FCC has jurisdiction to extend its program access rules to terrestrially-delivered programming, such as Comcast SportsNet, and if it does have such jurisdiction, whether it should expand the rules in this fashion. This rulemaking is pending at the FCC and the Company cannot predict the ultimate outcome of this proceeding.

The 1992 Cable Act requires cable operators to block fully both the video and audio portion of sexually explicit or indecent programming on channels that are primarily dedicated to sexually oriented programming or alternatively to carry such programming only at "safe harbor" time periods currently defined by the FCC as the hours between 10 p.m. to 6 a.m. 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 recently revised its cable inside wiring rules to provide a more specific procedure for the disposition of internal cable wiring that belongs to an incumbent cable operator that is forced to terminate its cable services in a multiple dwelling unit ("MDU") building by the building owner. The FCC is also considering additional rules relating to MDU inside wiring that, if adopted, may disadvantage incumbent cable operators. The FCC has various rulemaking proceedings pending that will implement 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. Other FCC regulations covering such areas as equal employment opportunity, syndicated program exclusivity, network program non-duplication, closed captioning of video programming, registration of cable systems, maintenance of various records and public inspection files, microwave frequency usage, 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, 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. In a report to Congress, the Copyright Office recommended that Congress make major revisions of both the cable television and satellite compulsory licenses to make them as simple as possible to administer, to provide copyright owners with full compensation for the use of their works, and to treat every multichannel video delivery system the same, except to the extent that technological differences or differences in the regulatory burdens placed upon the delivery system justify different copyright treatment. 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 remains 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 principal major music performing rights organizations, the Association of Songwriters, Composers, Artists and Producers ("ASCAP") and Broadcast Music, Inc. ("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 established a special rate court for BMI. BMI and cable industry representatives 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 communications 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 Wireless 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 Company's four cable and telephony businesses in the UK (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.

CELLULAR/PCS TELECOMMUNICATIONS

FCC Regulation

The FCC regulates the licensing, construction, operation and acquisition of wireless telephone systems, including the Company's cellular systems, pursuant to the Communications Act.

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, (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, and (iii) restrict the amount of commercial mobile radio spectrum that a single entity may hold in any particular area. Cellular radio licenses generally expire ten years 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, Long Branch and Trenton, NJ. The licenses for the Aurora/Elgin, IL, Joliet, IL, Vineland, NJ and Atlantic City, NJ expire in 1998. The balance of the Company's licenses expire from 1999 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.

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. The FCC also has adopted standards for limiting human exposure to RF energy from cellular/PCS telecommunications facilities. The FCC has determined that these standards preempt state and local regulation of RF exposure.

The FCC also requires LECs in each market to offer reasonable terms and facilities for the interconnection of wireless telephone systems in that market to the LECs' landline network. In June 1996, the FCC adopted a national regulatory framework for implementing the local competition provision of the 1996 Telecom Act, including adoption of rules delineating interconnection obligations of incumbent LECs, unbundling requirements for incumbent LECs, network elements, requirements for access to local rights of way, dialing parity and telephone numbering and number portability, and requirements for resale of and nondiscriminatory access to incumbent LEC services. The FCC established a national regulatory framework that sets pricing standards and negotiations and arbitration guidelines. However, the US Court of Appeals for the Eighth Circuit vacated certain of these standards and guidelines, on the grounds that the FCC lacked the authority to bind state regulators on the matter of local pricing of interconnection. As a result, landline interconnection pricing will be left to state-by-state determinations. The Eighth Circuit also determined that the FCC has special authority over Commercial Mobile Radio Services ("CMRS") carriers, which include the Company's wireless operations and their interconnection to incumbent LECs. Accordingly, national interconnection rules will be maintained for the Company's CMRS operations. In January 1998, the US Supreme Court agreed to review the Eighth Circuit decision. The Company cannot predict the outcome of this litigation or the FCC rulemakings, and the ultimate impact of any final FCC regulations on the Company or its businesses cannot be determined at this time.

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.

The FCC changes its regulations from time to time in response to competitive developments in the telecommunications marketplace or new federal legislation. For instance, the FCC is considering whether all CMRS providers should provide interconnection to all other CMRS providers. In its implementation of the 1996 Telecom Act, the FCC recently established new federal universal service rules, under which wireless service providers are eligible to receive universal service subsidies for the first time, but also are required to contribute to both federal and state universal service funds. The Company began making its contributions to the federal universal service programs in February 1998. For the first quarter of 1998, the FCC's universal service assessments amount to 0.72% of telecommunications revenues and an additional 3.19% of all telecommunications revenues. Various parties have challenged the FCC's universal service rules and the cases have been consolidated in the US Court of Appeals for the Fifth Circuit. The Company cannot predict the outcome of this proceeding.

Finally, the 1996 Telecom Act relieves RBOC-affiliated cellular providers of their obligations to provide equal access to long distance carriers. RBOC-affiliated carriers are now afforded greater flexibility in contracting with interexchange carriers for the provision of long distance services. 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. In October 1997, the FCC released an order establishing uniform rules governing incumbent LEC participation in broadband CMRS within each LEC's landline telephone region. These rules will expire in January 2002, unless extended by the FCC. While the FCC eliminated the requirements in its cellular rules for full structural separation of the incumbent LEC cellular affiliate from the LEC landline affiliate, the FCC adopted new rules designed to address incentives incumbent LECs may have to engage in anti-competitive practices against CMRS providers, such as discriminatory interconnection, cost-shifting and anti-competitive pricing. Specifically, the FCC will require incumbent LECs to create separate corporations for their in- region broadband CMRS operation (whether cellular, PCS or other) and to apply existing FCC rules on affiliate transactions and use of customer proprietary network information to LEC-CMRS operations. Additionally, the order addressed provisions of the 1996 Telecom Act that govern incumbent LEC joint marketing of CMRS and landline services, as well as LEC obligations to disclose material changes in their networks. The FCC also recently released a notice of inquiry on calling party pays, a mechanism that would allow CMRS providers to offer service plans under which callers to CMRS customers would pay for the calls that they make.

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 determine 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.

CONTENT

The FCC does not directly regulate the content or transmission of programming services like those offered by QVC and E! Entertainment. The FCC does, however, exercise regulatory authority over the satellites and uplink facilities which transmit programming services such as those provided by QVC and E! Entertainment. 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 the QVC service. Regarding the satellites from which QVC and E! Entertainment obtain 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. The QVC programming services offered in the UK and Germany are regulated by the media authorities in those countries.

EMPLOYEES

As of December 31, 1997, the Company had 17,600 employees, excluding employees in managed operations. Of these employees, 8,200 were associated with domestic cable communications, 1,600 were associated with cellular telephone communications, 5,500 were associated with electronic retailing and 2,300 were associated with other divisions. 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.

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. During 1997, the Company's systems, including its cell sites and switching equipment were upgraded with TDMA digital cellular technology, permitting its subscribers and roamers to use both analog and TDMA services throughout the Company's coverage area.

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. These assets include QVC's recently constructed studios and offices, Studio Park, located in West Chester, Pennsylvania. 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 continue to be upgraded 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 subject to legal proceedings and claims which arise in the ordinary course of its business. 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.

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

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 1998, 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 January 30, 1998:

Name	Age	Officer Since	Position with the Company
Ralph J. Roberts	77	1969	Chairman of the Board of Directors; Director
Julian A. Brodsky	64	1969	Vice Chairman of the Board of Directors; Director
Brian L. Roberts	38	1986	President; Director
Lawrence S. Smith	50	1988	Executive Vice President
John R. Alchin	49	1990	Senior Vice President; Treasurer
Stanley L. Wang	57	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 devotes a major portion of his time to the business and affairs of the Company. 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 is also a Director of Comcast UK Cable Partners Limited. Mr. Roberts is the father of Brian L. Roberts.

Julian A. Brodsky has served as a Director and Vice Chairman of the Board of Directors of the Company for more than five years. Mr. Brodsky devotes a major portion of his time to the business and affairs of the Company. Mr. Brodsky presently serves as the Treasurer and a Director of Sural. Mr. Brodsky is also a Director of Comcast UK Cable Partners Limited 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 devotes a major portion of his time to the business and affairs of the Company. Mr. Roberts presently serves as Vice President and a Director of Sural. As of December 31, 1997, the shares of the Company owned by Sural constituted approximately 82% of the voting power of the two classes of the Company's voting common stock combined. Mr. Roberts has sole voting power over stock representing a majority of voting power of all Sural stock and, therefore, effectively controls the Company and its subsidiaries. Mr. Roberts is also a Director of Comcast UK Cable Partners Limited and At Home Corporation. Mr. Roberts 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 also 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 also a Director of Comcast UK Cable Partners Limited and Teleport Communications Group, Inc.

Stanley L. Wang has served as Senior Vice President, Secretary and General Counsel of the Company for more than five years.

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
1997				
First Quarter..................	$19 3/8	$16 7/8	$18 15/16	$16 3/8
Second Quarter.................	22 1/4	14 5/8	22 3/16	14 1/2
Third Quarter..................	25 3/4	19 3/4	25 5/8	19 13/16
Fourth Quarter.................	32 9/16	25 19/32	32 3/4	25 11/16
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

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, 1997 and 1996 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 January 30, 1998, there were 2,568 record holders of the Company's Class A Special Common Stock and 1,880 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, 1997 (1)	1996 (1)	1995 (1)	1994	1993
	(Dollars in millions, except per share data)				
Statement of Operations Data:					
Revenues	$4,912.6	$4,038.4	$3,362.9	$1,375.3	$1,338.2
Operating income	532.1	508.9	329.8	239.8	264.9
Equity in net losses of affiliates	330.1	144.8	86.6	40.9	28.9
Loss before extraordinary items and cumulative effect of accounting changes	(208.5)	(52.5)	(37.8)	(75.3)	(98.9)
Extraordinary items	(30.2)	(1.0)	(6.1)	(11.7)	(17.6)
Cumulative effect of accounting changes (2)					(742.7)
Net loss	(238.7)	(53.5)	(43.9)	(87.0)	(859.2)
Loss for common stockholders per common share before extraordinary items and cumulative effect of accounting changes (3)	(.66)	(.21)	(.16)	(.32)	(.46)
Extraordinary items per share (3)	(.09)		(.02)	(.05)	(.08)
Cumulative effect of accounting changes per share (3)					(3.47)
Net loss for common stockholders per common share(3)	(.75)	(.21)	(.18)	(.37)	(4.01)
Cash dividends declared per common share (3)	.0933	.0933	.0933	.0933	.0933
Balance Sheet Data (at year end):					
Total assets	12,804.2	12,088.6	9,580.3	6,763.0	4,948.3
Working capital (deficiency)	141.7	40.9	531.6	(52.1)	176.6
Long-term debt	6,558.6	7,102.7	6,943.8	4,810.5	4,154.8
Stockholders' equity (deficiency)	1,646.5	551.6	(827.7)	(726.8)	(870.5)
Supplementary Financial Data:					
Operating income before depreciation and amortization (4)	1,468.5	1,207.2	1,018.8	576.3	606.4
Net cash provided by operating activities (5)	916.0	799.6	520.7	369.1	345.9

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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, although the Company's measure of operating cash flow may not be comparable to similarly titled measures of other companies. 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.

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

See "General Developments of Business" in Part I and Note 3 to the Company's consolidated financial statements in Item 8.

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, 1997 and 1996 were $577.6 million and $539.6 million, respectively. As of December 31, 1997, $251.6 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 $61.7 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, 1997, short-term investments have a weighted average maturity of approximately four months.

Accounts Receivable - Electronic Retailing

QVC, Inc. ("QVC"), an electronic retailer and majority-owned subsidiary of the Company, has an agreement with an unrelated third party (the "Bank") whereby the Bank provides revolving credit directly to QVC customers. The revolving credit card issued by the Bank may be used solely for the purchase of goods and services from QVC. The Bank may advance a portion of the purchase price to QVC. QVC is obligated to purchase from the Bank any uncollected customers' accounts. The uncollected balances of revolving credit extended by the Bank under this agreement are $340.0 million and $317.7 million as of December 31, 1997 and 1996, respectively, of which $309.6 million and $284.5 million represent interest bearing deposits due from the unrelated third party. The total reserve balances maintained for the purchase of uncollectible accounts are $76.5 million and $73.2 million as of December 31, 1997 and 1996, respectively. The Company's potential obligations 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, 1997 and 1996.

Investments

Sprint PCS. The Company, Tele-Communications, Inc. ("TCI"), Cox Communications, Inc. ("Cox") and Sprint Corporation ("Sprint," and together with the Company, TCI and Cox, 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" or "Sprint PCS." The Partner Subsidiaries have committed to contribute $4.2 billion in cash to Sprint PCS 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 PCS of $602.0 million through January 30, 1998. The Company anticipates that Sprint PCS' capital requirements over the next several years will be significant. Requirements in excess of committed capital are planned to be funded by Sprint PCS through external financing, including, but not limited to, vendor financing, bank financing and securities offered to the public.

The proposed budget for 1998 for Sprint PCS has not yet been approved by the partnership board, which has resulted in the occurrence of a "Deadlock Event" as of January 1, 1998 under the partnership agreement. If the 1998 proposed budget is not approved through resolution procedures set forth in the partnership agreement, certain specified buy/sell procedures may be triggered which may result in a restructuring of the partners' interests, the sale of the Company's interest, or, in limited circumstances, the sale of Sprint PCS.

TCGI. On January 8, 1998, AT&T Corporation ("AT&T") entered into a definitive merger agreement with Teleport Communications Group, Inc. ("TCGI"). Upon closing of the merger (the "AT&T Transaction"), the Company is expected to receive 24.2 million shares of AT&T common stock in exchange for all of the shares of TCGI held by the Company. Based on the closing price of the AT&T common stock on January 30, 1998 of $62.625 per share, the Company is expected to recognize a pre-tax gain of approximately $1.390 billion upon closing of the AT&T Transaction. Certain conditions agreed to in the AT&T Transaction restrict the Company's ability to sell the AT&T common stock to be received for a period of between 45 to 135 days after the closing date of the AT&T Transaction. The AT&T Transaction is expected to close in 1998, subject to receipt of necessary regulatory and shareholder approvals.

In November 1997, TCGI filed a registration statement with the United States ("US") Securities and Exchange Commission to sell 7.3 million shares of TCGI Class A Stock (the "TCGI Offering"). As a result of the TCGI Offering, the Company will recognize a $59.6 million increase in its proportionate share of TCGI's net assets as a gain from equity offering of affiliate. Such gain will be recorded in the Company's March 31, 1998 condensed consolidated statement of operations and accumulated deficit as the Company records its proportionate share of TCGI's net losses one quarter in arrears.

Comcast UK Cable. On February 4, 1998, Comcast UK Cable entered into a definitive agreement to be acquired by NTL Incorporated ("NTL"), an alternative telecommunications company in the United Kingdom ("UK"). Pursuant to certain conditions, the Company is expected to receive 4.8 million shares of NTL common stock in exchange for all of the shares of Comcast UK Cable held by the Company (the "NTL Transaction"). Based on the closing price of NTL common stock on February 4, 1998 of $32.00 per share, the Company is expected to recognize a pre-tax gain of $81.4 million upon closing of the NTL Transaction. Certain conditions agreed to in the NTL Transaction restrict the Company's ability to sell the NTL common stock to be received for a period of 180 days after the closing date of the NTL Transaction. The NTL Transaction is expected to close in 1998, subject to receipt of necessary regulatory and shareholder approvals, the consent of the bondholders of Comcast UK Cable and NTL, as well as the consent of certain NTL bank lenders. As of December 31, 1997 and for the year then ended, the assets and revenues of Comcast UK Cable totaled $736.0 million and $93.3 million, respectively.

Primestar. The Company holds a 10.4% general and limited partnership interest in Primestar Partners, L.P. ("Primestar"), which is principally engaged in the business of acquiring, originating and/or providing television programming services delivered by satellite through a network of distributors, including the Company, throughout the US. The Company, through a wholly owned subsidiary, distributes the Primestar Direct Broadcast Satellite ("DBS") service (the "Primestar Service") to subscribers within specified areas of 19 states in the US. As of December 31, 1997, the Company provided the Primestar Service to more than 181,000 subscribers.

On February 6, 1998, the Company entered into a Merger and Contribution Agreement (the "Merger and Contribution Agreement") with Primestar and the affiliates of each of the other partners of Primestar, including TCI Satellite Entertainment, Inc. ("TSAT"), a publicly-traded company, pursuant to which the Company's DBS operations, the Company's partnership interests in Primestar and the Primestar partnership interests and the DBS operations of the other partners of Primestar will be consolidated into a newly formed company ("New Primestar"). Under the terms of the Merger and Contribution Agreement, upon closing of the transactions, it is expected that New Primestar, through a series of transactions, will pay the Company approximately $83 million (based upon the number of the Company's subscribers to the Primestar Service as of December 31, 1997), and that the Company would own approximately 10% of New Primestar common equity, both subject to adjustment based on the number of the Company's subscribers to the Primestar Service, inventory amounts and other factors as of the closing of the transactions. Subject to receipt of regulatory approval and other conditions, after the closing of the transactions, TSAT will merge with and into New Primestar in a transaction in which TSAT's outstanding common shares will be converted into common shares of New Primestar. As of December 31, 1997 and for the year then ended, the assets and revenues of the Company's DBS operations totaled $162.8 million and $114.1 million, respectively.

In June 1997, Primestar entered into an agreement with The News Corporation Limited, MCI Telecommunications Corporation and American Sky Broadcasting LLC ("ASkyB"), pursuant to which Primestar (or, under certain conditions, New Primestar) will acquire certain assets relating to a high-power DBS business (the "ASkyB Transaction"). In exchange for such assets, ASkyB will receive non-voting securities of New Primestar that will be convertible into non-voting common stock of New Primestar, and, accordingly, will reduce the Company's common equity interest in New Primestar to approximately 7% on a fully diluted basis, subject to adjustment.

The Merger and Contribution Agreement and the ASkyB Transaction are not conditioned on each other and may close independently. The Merger and Contribution Agreement is expected to close in 1998, subject to receipt of TSAT shareholder approval. The ASkyB Transaction is expected to close in 1998, subject to receipt of all necessary governmental and regulatory approvals, including the approval of the Federal Communications Commission ("FCC"). There can be no assurance that such approvals will be obtained.

@Home. In July 1997, At Home Corporation ("@Home") completed an initial public offering of its Series A Common Stock (the "@Home IPO"). @Home provides Internet services to customers and businesses via the cable modem over the cable television infrastructure in a limited number of cities in the US. As of December 31, 1997, the Company holds 8.0 million contractually restricted shares (the "Restricted Shares") and 6.6 million unrestricted shares (the "Unrestricted Shares") of @Home Series A Common Stock (the "@Home Series A Stock"), representing a 12.3% and a 5.7% equity and voting interest, respectively. The Company has recorded the Restricted Shares at their historical cost of $1.1 million and the Unrestricted Shares, which are classified as available for sale, at their estimated fair value of $164.6 million, based on the quoted market price of the @Home Series A Stock as of December 31, 1997.

The Golf Channel. The Golf Channel is a 24-hour network devoted exclusively to golf programming. The programming schedule includes live golf coverage, golf instruction programs and golf news. In addition to the Company, the other partners in The Golf Channel include an affiliate of Fox, Inc., Times Mirror Corporation and other private investors. In January and February 1998, the Company entered into agreements to acquire an additional 28.9% interest in The Golf Channel for $76.2 million. These transactions are expected to close in the first quarter of 1998. After completion of these transactions, the Company's ownership interest in The Golf Channel will be 43.3%.

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. The Company continually evaluates its existing investments as well as new investment opportunities.

Investment Rights

In July 1996, the Company acquired a 66% interest in Comcast Spectacor, L.P. ("Comcast-Spectacor"), the owner of two professional sports teams and two arenas in Philadelphia, PA. Beginning in January 1998, the Company has the right to purchase the remaining 34% minority interest in Comcast-Spectacor from the minority partner for the minority partner'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 partner 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 partner for such interests in shares of the Company's Class A Special Common Stock, subject to certain restrictions. If the minority partner exercises its Exit Rights and the Company elects not to purchase their interest, the Company and the minority partner will use their best efforts to sell Comcast-Spectacor.

Beginning in October 1998, the Walt Disney Company ("Disney"), in certain circumstances, is entitled to cause Comcast Entertainment Holdings LLC (the "LLC"), which is owned 50.1% by the Company and 49.9% by Disney, to purchase Disney's entire interest in the LLC at its then fair market value (as determined by an appraisal process). If the LLC elects not to purchase Disney's interests, Disney has the right, at its option, to purchase either the Company's entire interest in the LLC or all of the shares of stock of E! Entertainment Television, Inc. ("E! Entertainment") held by the LLC, in each case at fair market value. In the event that Disney exercises its rights, as described above, a portion or all of the $132.8 million aggregate principal amount ten-year, 7% notes payable to Disney (the "Disney Notes") may be replaced with a three year note due to Disney.

In February 1995, the Company and TCI acquired (the "QVC Acquisition") all of the outstanding stock of QVC not previously owned by them (approximately 65% of such shares on a fully diluted basis) for $1.4 billion. 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 accounted for the QVC Acquisition under the purchase method and QVC was consolidated with the Company effective February 1, 1995. 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.

At any time after December 18, 2001, the California Public Employees Retirement System ("CalPERS") may elect to liquidate its interest in MHCP Holdings, L.L.C. ("MHCP Holdings"), a 55% owned indirect subsidiary of the Company (which holds the US cable operations formerly known as Maclean Hunter Limited) in which CalPERS owns the remaining 45% interest, at a price based upon the fair value of CalPERS' interest in MHCP Holdings, adjusted, under certain circumstances, for certain performance criteria relating to the fair value of MHCP Holdings 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 MHCP Holdings.

Year 2000 Issue

The Year 2000 Issue is the result of computer programs being written using two digits rather than four to define the applicable year. Certain of the Company's computer programs that have date-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000 (the "Year 2000 Issue"). If this situation occurs, the potential exists for computer system failure or miscalculations by computer programs, which could cause disruption of operations.

Based on an inventory conducted in 1997, the Company has identified computer systems that will require modification or replacement so that they will properly utilize dates beyond December 31, 1999. The Company presently believes that with modifications to existing software and conversions to new software, the Year 2000 Issue can be mitigated. However, if such modifications and conversions are not made, or are not completed within an adequate time frame, the Year 2000 Issue could have a material impact on the operations of the Company.

The Company has initiated communications with all of its significant software suppliers and service bureaus to determine their plans for remediating the Year 2000 Issue in their software which the Company uses or relies upon. The Company's estimate to complete the remediation plan includes the estimated time associated with mitigating the Year 2000 Issue for third party software. However, there can be no guarantee that the systems of other companies on which the Company relies will be converted on a timely basis, or that a failure to convert by another company would not have material adverse effect on the Company.

The Company continues to use both internal and external resources to reprogram or replace software for Year 2000 modifications. Management of the Company will also continue to periodically report the progress of its Year 2000 remediation plan to the Audit Committee of the Company's Board of Directors. The Company plans to complete the Year 2000 mitigation in 1999. The costs directly attributable to the Year 2000 Issue are not expected to have a material effect on the Company's results of operations.

The costs of the project and the date on which the Company plans to complete the Year 2000 modifications and replacements are based on management's best estimates, which were derived using assumptions of future events including the continued availability of resources and the reliability of third party modification plans. However, there can be no guarantee that these estimates will be achieved and actual results could differ materially from those plans. Specific factors that might cause such material differences include, but are not limited to, the availability and cost of personnel with appropriate necessary skills, the ability to locate and correct all relevant computer code and similar uncertainties.

Capital Expenditures

It is anticipated that, during 1998, the Company will incur approximately $1.1 billion of capital expenditures, including $700 million for the upgrading and rebuilding of certain of the Company's cable communications systems, $100 million for the upgrading of QVC's warehousing and distribution facilities, $100 million for the upgrading of the Company's cellular communications systems and $150 million for the build-out of the Company's consolidated UK affiliates' systems (subject to the timing of the closing of the NTL Transaction). The amount of such capital expenditures for years subsequent to 1998 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. 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. Costs 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. Future increases in such costs may be significant to the Company's financial position, results of operations and liquidity. The Company anticipates capital expenditures for years subsequent to 1998 will continue to be significant. As of December 31, 1997, the Company does not have any significant contractual obligations for capital expenditures.

Financing

Other than the acquisition of the cable television operations ("Scripps Cable") of the E.W. Scripps Company in November 1996 (the "Scripps Acquisition"), 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 through public offerings of subsidiary stock and debt instruments. As of December 31, 1997 and 1996, the Company's long-term debt, including current portion, was $6.691 billion and $7.332 billion, respectively, of which 17.1% and 45.2%, respectively, was at variable rates. As of January 30,1998, certain subsidiaries of the Company had unused lines of credit of $1.0 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. The Company's long-term debt had estimated fair values of $7.123 billion and $7.323 billion as of December 31, 1997 and 1996, respectively. The Company's weighted average interest rate was 8.36%, 7.90% and 8.32% during the years ended December 31, 1997, 1996 and 1995, respectively. The Company continually evaluates its debt structure with the intention of reducing its debt service requirements when desirable.

On February 26, 1998, the Company announced its intention to redeem its $541.9 million principal amount 1 1/8% discount convertible subordinated debentures due 2007 (the "1 1/8% Debentures") on March 30, 1998 at a redemption price of 67.112% of the principal amount, together with accrued interest thereon. As of December 31, 1997, the accreted value of the 1 1/8% Debentures was $355.9 million. Each $1,000 principal amount of 1 1/8% Debentures is convertible into 19.3125 shares of the Company's Class A Special Common Stock. The Company anticipates using available borrowings under a subsidiary credit facility to fund amounts redeemed for cash, if any. In the first quarter of 1998, stockholders' equity will be increased by the full amount of the 1 1/8% Debentures converted, if any, plus accrued interest, less unamortized debt acquisition costs.

In December 1997, Comcast UK Holdings Ltd. ("UK Holdings"), a wholly owned subsidiary of Comcast UK Cable, entered into a loan agreement with a consortium of banks to provide financing under a revolving credit facility (the "UK Holdings Credit Facility") up to a maximum of (UK Pound)200.0 million. There were no borrowings under the UK Holdings Credit Facility at December 31, 1997. In January 1998, UK Holdings borrowed (UK Pound)75.0 million under the UK Holdings Credit Facility. The UK Holdings Credit Facility bears interest at a rate per annum equal to the London Interbank Offered Rate ("LIBOR") plus 1/2% to 2 1/4%. Amounts available under the UK Holdings Credit Facility will be reduced each quarter in varying amounts beginning March 31, 2000 and continuing through December 31, 2000. Final maturity of the UK Holdings Credit Facility is January 31, 2001. Borrowings under the UK Holdings Credit Facility are guaranteed by certain of Comcast UK Cable's wholly owned subsidiaries.

In October 1997, the Company completed the redemption of its $250.0 million principal amount 3 3/8% / 5 1/2% step up convertible subordinated debentures due 2005 (the "Step Up Debentures"). The Company issued 8.4 million shares of its Class A Special Common Stock upon conversion of $206.4 million principal amount of Step Up Debentures while $43.6 million principal amount of Step Up Debentures was redeemed for cash at a redemption price of 105.58% of the principal amount, together with accrued interest thereon. Stockholders' equity was increased by the full amount of Step Up Debentures converted plus accrued interest, less unamortized debt acquisition costs. The issuance of the Company's Class A Special Common Stock upon conversion of the Step Up Debentures had no impact on the Company's consolidated statement of cash flows due to its noncash nature.

In October 1997, Comcast Cellular (see below) refinanced its existing revolving credit facility with the proceeds from borrowings under a new $400.0 million credit agreement (the "New Bank Facility") with certain banks. Initial borrowings under the New Bank Facility were used principally to repay existing debt.

In June 1997, the Company redeemed for cash all of its outstanding 10% Subordinated Debentures, due 2003 (the "10% Debentures"). An aggregate principal amount of $139.3 million of the 10% Debentures was redeemed at a redemption price of 100% of the principal amount thereof, together with accrued interest thereon. On the date of redemption, the 10% Debentures had an accreted value of $127.7 million.

In May 1997, Comcast Cable Communications, Inc. ("Comcast Cable"), a wholly owned subsidiary of the Company, completed the sale of $1.7 billion principal amount of notes (the "Cable Notes") through a private offering with registration rights. The Cable Notes were issued in four tranches: $300.0 million principal amount of 8 1/8% Notes due 2004, $600.0 million principal amount of 8 3/8% Notes due 2007, $550.0 million principal amount of 8 7/8% Notes due 2017 and $250.0 million principal amount of 8 1/2% Notes due 2027. Comcast Cable used substantially all of the net proceeds from the offering of the Cable Notes to repay certain of its subsidiaries' notes payable to banks with the balance used for subsidiary general purposes. Collectively, the offering of the Cable Notes and the repayment of the aforementioned notes payable with the net proceeds from the offering of the Cable Notes are referred to herein as the "Cable Refinancing."

In May 1997, Comcast Cellular Corporation (formerly Comcast Cellular Holdings, Inc.) ("Comcast Cellular"), a wholly owned subsidiary of the Company, completed the sale of $1.0 billion principal amount of 9 1/2% Senior Notes due 2007 (the "Cellular Notes") through a private offering with registration rights. Comcast Cellular used the net proceeds from the offering to redeem its senior participating redeemable zero coupon notes and repay existing subsidiary indebtedness. Collectively, the offering of the Cellular Notes and the redemption and the repayments of the aforementioned notes with the net proceeds from the offering of the Cellular Notes are referred to herein as the "Cellular Refinancing."

In October 1997, Comcast Cable and Comcast Cellular completed the exchange of the Cable Notes and the Cellular Notes for new notes (with the same terms) which were registered under the Securities Act of 1933, as amended.

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 were 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.

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 could purchase, at such times and on such terms as it deemed appropriate, up to $500.0 million of its outstanding common equity securities, subject to certain restrictions and market conditions. Based on the trade date for stock repurchases, during the years ended December 31, 1997, 1996 and 1995, the Company repurchased 2.3 million shares, 10.5 million shares and 680,000 shares, respectively, of its common stock for aggregate consideration of $36.2 million, $180.0 million and $12.4 million, respectively, pursuant to the Repurchase Program. During the term of the Repurchase Program, which terminated on May 13, 1997, the Company repurchased a total of 13.5 million shares of its common stock for aggregate consideration of $228.6 million.

Interest Rate and Foreign Currency Exchange Rate 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.

Interest Rate Risk

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 table set forth below summarizes the fair values and contract terms of financial instruments subject to interest rate risk maintained by the Company as of December 31, 1997 (dollars in millions):

	Expected Maturity Date							Fair Value at
	1998	1999	2000	2001	2002	Thereafter	Total	12/31/97
Debt								
Fixed Rate....................	$43.9	$9.1	$19.7	$226.2	$101.2	$4,548.7	$4,948.8	$5,380.0
Average Interest Rate......	10.4%	8.9%	8.2%	9.5%	8.6%	9.0%	9.0%	
Variable Rate.................	$88.8	$198.8	$282.1	$347.4	$389.3	$436.1	$1,742.5	$1,742.5
Average Interest Rate......	6.5%	6.8%	6.8%	6.9%	6.9%	6.8%	6.8%	
Interest Rate Instruments								
Variable to Fixed Swaps.......	$100.0	$50.0	$450.0				$600.0	$4.3
Average Pay Rate...........	5.7%	5.7%	5.5%				5.6%	
Average Receive Rate.......	5.9%	6.0%	6.1%				6.1%	
Caps..........................	$150.0						$150.0	$ --
Average Cap Rate...........	6.7%						6.7%	
Collar........................	$50.0						$50.0	$0.2
Average Cap Rate...........	7.0%						7.0%	
Average Floor Rate.........	4.9%						4.9%	

The notional amounts of interest rate instruments, 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. Interest rates on variable debt are estimated by the Company using the average implied forward LIBOR rates for the year of maturity based on the yield curve in effect at December 31, 1997 plus the borrowing margin in effect for each credit facility at December 31, 1997. Average receive rates on the Variable to Fixed Swaps are estimated by the Company using the average implied forward LIBOR rates for the year of maturity based on the yield curve in effect at December 31, 1997. 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, 1997, 1996 and 1995 was not significant.

Foreign Currency Exchange Rate Risk

The Company has entered into certain foreign exchange option contracts ("FX Options") as a normal part of its foreign currency risk management efforts. These FX Options 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. During 1995, Comcast UK Cable entered into certain foreign exchange put option contracts ("FX Puts") which may be settled only on November 16, 2000. As of December 31, 1997 and 1996, Comcast UK Cable had (UK Pound)250.0 million notional amount of FX Puts to purchase US dollars at an exchange rate of $1.35 per (UK 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, 1997 and 1996, the FX Puts had carrying values of $13.1 million and $18.4 million, respectively, and estimated fair values of $5.2 million and $5.5 million, respectively. The difference between the carrying amount and the estimated fair value of the FX Puts was not significant as of December 31, 1995.

In 1995, in order to reduce hedging costs, Comcast UK Cable sold foreign exchange call option contracts ("FX Calls") to exchange (UK 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, (UK Pound)200.0 million notional amount, with an exchange ratio of $1.70 per (UK Pound)1.00, expired unexercised in November 1996 while the remaining contract, with a (UK Pound)50.0 million notional amount and an exchange ratio of $1.62 per (UK Pound)1.00, has a settlement date in November 2000. In 1996, in order to continue to reduce hedging costs, Comcast UK Cable sold additional FX Calls, for proceeds of $3.5 million, to exchange (UK Pound)200.0 million notional amount at an average exchange ratio of $1.75 per (UK Pound)1.00. These contracts expired unexercised in 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, 1997 and 1996, the estimated fair value of the liabilities related to the FX Calls, as recorded in the Company's consolidated balance sheet, was $4.4 million and $12.2 million, respectively. Changes in fair value between measurement dates relating to the FX Calls resulted in exchange gains of $7.4 million and exchange losses of $2.2 million during the years ended December 31, 1997 and 1996, respectively. There were no significant exchange gains or losses relating to these contracts during the year ended December 31, 1995.

The table set forth below summarizes the fair values and contract terms of financial instruments, subject to foreign currency exchange rate risk, maintained by the Company (dollars in millions):

	Expected Maturity 2007	Fair Value at 12/31/97
On Balance Sheet Financial Instruments		
(UK Pound)UK Functional Currency:		
Long-term debt ($US) at accreted value............	$378.3	$417.7
Average interest rate...........................	11.20%	
	Expected Maturity 2000	**Fair Value at 12/31/97 (1)**
Foreign Exchange Rate Derivatives		
(UK Pound)UK Functional Currency:		
FX Puts		
Contract amount................................	$337.5	$5.2
Exchange rate ($US/(UK Pound)UK)................	1.35	
FX Calls		
Contract amount................................	$81.0	($4.4)
Exchange rate ($US/(UK Pound)UK)................	1.62	

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(1) The estimated fair value approximates the proceeds (costs) to settle the outstanding contracts.

Equity Price Risk

As part of the Repurchase Program, the Company sold put options on shares of its Class A Special Common Stock. Put options on 4.0 million shares, sold by the Company during 1996 and 1995 and outstanding at December 31, 1996, expired unexercised during the first quarter of 1997. Upon expiration, the Company reclassified $69.6 million, the amount it would have been obligated to pay to repurchase such shares had the put options been exercised, from common equity put options to additional capital in the Company's consolidated balance sheet.

As part of the Repurchase Program, in April 1997, the Company sold put options on 2.0 million shares of its Class A Special Common Stock. The put options give the holder the right to require the Company to repurchase such shares at $15.68 per share on specific dates in April and May 1998. The amount the Company would be obligated to pay to repurchase such shares upon exercise of the put options, totaling $31.4 million, has been reclassified from additional capital to common equity put options in the Company's December 31, 1997 consolidated balance sheet. The difference between the proceeds from the sale of these put options and their estimated fair value was not significant as of December 31, 1997.

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 increased $82.4 million as of December 31, 1997 from December 31, 1996 and decreased $207.8 million as of December 31, 1996 from December 31, 1995. Changes in cash and cash equivalents resulted from cash flows from operating, financing and investing activities as explained below.

Net cash provided by operating activities amounted to $916.0 million, $799.6 million and $520.7 million for the years ended December 31, 1997, 1996 and 1995, respectively. The increases of $116.4 million and $278.9 million from 1996 to 1997 and 1995 to 1996 were principally due to the increase in the Company's operating income before depreciation and amortization (see "Results of Operations"), including the effects of the Scripps Acquisition and changes in working capital as a result of the timing of receipts and disbursements.

Net cash provided by (used in) financing activities, which includes the issuances and repurchases of securities as well as borrowings and repayments of debt, was $355.6 million, ($81.2) million and $2.036 billion for the years ended December 31, 1997, 1996 and 1995, respectively. During 1997, the Company borrowed $3.045 billion, including the Cable Notes of $1.691 billion, the Cellular Notes of $998.4 million, the Disney Notes of $132.8 million and borrowings under its existing lines of credit, and repaid $3.580 billion of its long-term debt, including $1.665 billion relating to the Cable Refinancing, $981.8 million relating to the Cellular Refinancing, $43.6 million relating to the redemption of the Step Up Debentures and $139.3 million relating to the redemption of the 10% Debentures. Deferred financing costs of $44.9 million were incurred during 1997 related principally to the issuance of the Cable Notes and the Cellular Notes. In addition, during 1997, the Company received $1.0 billion from Microsoft Corporation for the issuance of its Class A Special Common Stock and Series B Preferred Stock, repurchased $33.6 million of its common stock and paid cash dividends on its Common Stock and Series A Preferred Stock of $34.0 million. 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 and cash dividends paid on its common stock and Series A Preferred Stock totaled $26.8 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 PCS, $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. 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. Deferred financing costs of $43.5 million incurred during 1995 related principally to the refinancing of certain indebtedness and borrowings of the 2007 Discount Debentures. In addition, during 1995, the Company paid cash dividends on its common stock of $22.4 million.

Net cash used in investing activities was $1.189 billion, $926.2 million and $2.353 billion for the years ended December 31, 1997, 1996 and 1995, respectively. During 1997, net cash used in investing activities includes acquisitions, net of cash acquired, of $170.1 million, relating primarily to the acquisition of E! Entertainment, investments in affiliates of $268.7 million, including capital contributions to Sprint PCS of $144.3 million, and capital expenditures of $925.5 million. Cash proceeds from investing activities include proceeds from the sales of and distributions from short-term and long-term investments of $216.7 million, including $98.4 million from sales of Nextel Communications, Inc. ("Nextel") common stock and options and $68.9 million from the sale of TCGI Class A Stock. 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 PCS 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., 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 PCS 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.

Results of Operations

The effects of the Company's recent acquisitions, as well as increased levels of capital expenditures, were 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").

Summarized consolidated financial information for the Company for the three years ended December 31, 1997 is as follows (dollars in millions, "NM" denotes percentage is not meaningful):

	Year Ended December 31, 1997	1996	Increase/(Decrease) $	%
Revenues	$4,912.6	$4,038.4	$874.2	21.6%
Cost of goods sold from electronic retailing	1,270.2	1,114.2	156.0	14.0
Operating, selling, general and administrative expenses	2,173.9	1,717.0	456.9	26.6
Operating income before depreciation and amortization (1)	1,468.5	1,207.2	261.3	21.6
Depreciation	474.3	314.6	159.7	50.8
Amortization	462.1	383.7	78.4	20.4
Operating income	532.1	508.9	23.2	4.6
Interest expense	564.9	540.8	24.1	4.5
Investment income	(137.1)	(122.6)	14.5	11.8
Equity in net losses of affiliates	330.1	144.8	185.3	NM
Gain from equity offering of affiliate	(7.7)	(40.6)	(32.9)	(81.0)
Other	11.0	2.6	8.4	NM
Income tax expense	55.6	84.4	(28.8)	(34.1)
Minority interest	(76.2)	(48.0)	28.2	58.8
Extraordinary items	(30.2)	(1.0)	29.2	NM
Net loss	($238.7)	($53.5)	$185.2	NM

	Year Ended December 31, 1996	1995	Increase/(Decrease) $	%
Revenues	$4,038.4	$3,362.9	$675.5	20.1%
Cost of goods sold from electronic retailing	1,114.2	900.8	213.4	23.7
Operating, selling, general and administrative expenses	1,717.0	1,443.3	273.7	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)	NM
Income tax expense	84.4	42.1	42.3	NM
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%

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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, although the Company's measure of operating cash flow may not be comparable to similarly titled measures of other companies. 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 cable communications operations; "Electronic Retailing," the most significant of the Company's content businesses; and "Cellular Communications," the most significant of the Company's cellular/personal communications services 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

As a result of the Scripps Acquisition, the Company commenced consolidating the financial results of Scripps Cable effective November 1, 1996. The following table presents actual financial information for the year ended December 31, 1997 and pro forma financial information for the years ended December 31, 1996 and 1995 as if the Scripps Acquisition occurred on January 1, 1995. 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 Scripps Cable since January 1, 1995 (dollars in millions):

	Year Ended December 31,		Increase	
	1997	Pro Forma 1996	$	%
Service income	$2,073.0	$1,893.8	$179.2	9.5%
Operating, selling, general and administrative expenses	1,085.3	979.1	106.2	10.8
Operating income before depreciation and amortization (a)	$987.7	$914.7	$73.0	8.0%

	Year Ended December 31,		Increase	
	Pro Forma 1996	Pro Forma 1995	$	%
Service income	$1,893.8	$1,729.7	$164.1	9.5%
Operating, selling, general and administrative expenses	979.1	892.6	86.5	9.7
Operating income before depreciation and amortization (a)	$914.7	$837.1	$77.6	9.3%

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(a) See footnote (1) on page 36.

Of the respective $179.2 million and $164.1 million increases in service income for the years ended December 31, 1997 and 1996, $38.1 million and $45.8 million are attributable to subscriber growth, $122.8 million and $101.0 million relate to changes in rates, $11.0 million and $5.5 million are attributable to growth in cable advertising sales and $7.3 million and $11.8 million relate to other product offerings.

Of the respective $106.2 million and $86.5 million increases in operating, selling, general and administrative expenses for the years ended December 31, 1997 and 1996, $27.9 million and $34.7 million are attributable to increases in the costs of cable programming as a result of subscriber growth, additional channel offerings and changes in rates, $19.2 million and $13.5 million are attributable to increases in costs associated with customer service, $7.7 million and $4.5 million are attributable to growth in cable advertising sales and $51.4 million and $33.8 million result from increases in the costs of labor, other volume related expenses and costs associated with new product offerings. 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 years ended December 31, 1997 and 1996 and pro forma financial information for the year ended December 31, 1995 as if the QVC Acquisition occurred on January 1, 1995. 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, 1995 (dollars in millions):

	Year Ended December 31, 1997	Year Ended December 31, 1996	Increase $	Increase %
Net sales from electronic retailing	$2,082.5	$1,835.8	$246.7	13.4%
Cost of goods sold from electronic retailing	1,270.2	1,114.2	156.0	14.0
Operating, selling, general and administrative expenses	474.6	421.3	53.3	12.7
Operating income before depreciation and amortization (a)	$337.7	$300.3	$37.4	12.5%
Gross margin	39.0%	39.3%		

	Year Ended December 31, 1996	Pro Forma 1995	Increase $	Increase %
Net sales from electronic retailing	$1,835.8	$1,619.2	$216.6	13.4%
Cost of goods sold from electronic retailing	1,114.2	978.8	135.4	13.8
Operating, selling, general and administrative expenses	421.3	385.0	36.3	9.4
Operating income before depreciation and amortization (a)	$300.3	$255.4	$44.9	17.6%
Gross margin	39.3%	39.6%		

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(a) See footnote (1) on page 36.

The respective increases in net sales from electronic retailing of $246.7 million and $216.6 million for the years ended December 31, 1997 and 1996 are primarily attributable to the effects of 7.4% and 7.2% increases, respectively in the average number of homes receiving QVC services in the US and 13.7% and 36.5% increases, respectively, in the average number of homes receiving QVC services in the UK.

An allowance for returned merchandise is provided as a percentage of sales based on historical experience. The return provision was approximately 21% of gross sales for each of the years ended December 31, 1997, 1996 and 1995.

The increases in cost of goods sold from electronic retailing are primarily related to the growth in net sales. The changes in gross margin between these periods are primarily due to slight changes in product mix from year to year.

Of the respective increases in operating, selling, general and administrative expenses of $53.3 million and $36.3 million for the years ended December 31, 1997 and 1996, $25.5 million and $6.0 million are attributable to start-up costs incurred by QVC in Germany, which began operations in the fourth quarter of 1996, and the remaining increases are primarily attributable to higher sales volume, increases in advertising costs and additional costs associated with new businesses, offset, in part, by the reduction in expenses realized upon consolidation of QVC's multichannel operations in 1996.

Cellular Communications

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

	Year Ended December 31, 1997	1996	Increase $	%
Service income...................................	$444.9	$426.1	$18.8	4.4%
Operating, selling, general and administrative expenses...................................	269.5	265.9	3.6	1.4
Operating income before depreciation and amortization (a)........................	$175.4	$160.2	$15.2	9.5%

	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%

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(a) See footnote (1) on page 36.

Of the respective $18.8 million and $51.2 million increases in service income for the years ended December 31, 1997 and 1996, $18.2 million and $69.6 million, respectively, are attributable to the Company's subscriber growth and $15.4 million and $500,000, respectively, are attributable to roamer growth. Offsetting the increases are decreases of $14.8 million and $18.9 million, respectively, resulting primarily from a reduction in the average rate per minute of use as a result of promotional and free minutes provided to customers.

The $3.6 million increase in operating, selling, general and administrative expenses from 1996 to 1997 is primarily attributable to a $10.5 million increase in fixed costs related to retail centers. Offsetting this increase is a decrease of $6.9 million primarily attributable to expense reductions achieved through implementation of fraud management programs, improved bad debt experience as a result of stronger credit procedures and a reduction in commission costs resulting from fewer gross subscriber additions in 1997. The $28.8 million increase in operating, selling, general and administrative expenses from 1995 to 1996 is primarily attributable to a $24.3 million increase related to subscriber growth, including the costs to acquire and service subscribers. The remaining increase of $4.5 million is primarily due to increases in customer service and administrative costs, partially offset by expense reductions achieved through implementation of fraud management programs.

Consolidated Analysis

The $159.7 million increase in depreciation expense from 1996 to 1997 is primarily attributable to the effects of capital expenditures during 1996 and 1997 and the effects of the Scripps Acquisition. 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.

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 $78.4 million and $34.6 million increases in amortization expense from 1996 to 1997 and 1995 to 1996, respectively, are primarily attributable to the effects of the Scripps Acquisition in November 1996 and the effects of the QVC Acquisition in February 1995, respectively.

The $24.1 million increase in interest expense from 1996 to 1997 is primarily attributable to an increase in the Company's weighted average interest rate on the Company's outstanding debt and a decrease in capitalized interest from 1996 to 1997, offset, in part, by a decrease in the Company's outstanding long-term debt. 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 and an increase in capitalized interest from 1995 to 1996.

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 $14.5 million increase in investment income from 1996 to 1997 is primarily attributable to the $68.9 million gain recognized in 1997 on the sale of TCGI Class A stock, offset, in part, by the $47.3 million gain recognized upon the exchange of the shares of Turner Broadcasting System, Inc. ("TBS") held by the Company for Time Warner, Inc. ("Time Warner") common stock in 1996 as a result of the merger of Time Warner and TBS in October 1996. The $107.2 million decrease in investment income from 1995 to 1996 is principally due 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 common stock in 1996.

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 1995.

In February 1997, in connection with an acquisition, TCGI issued 2.1 million unregistered shares of its TCGI Class A Stock. As a result of the stock issuance, the Company recorded a $7.7 million increase in its proportionate share of TCGI's net assets as a gain from equity offering of affiliate in its 1997 consolidated statement of operations. As a result of the TCGI IPO, 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 $185.3 million and $58.2 million increases in equity in net losses of affiliates from 1996 to 1997 and 1995 to 1996, respectively, are due to the timing of investments in and changes in losses incurred by Sprint PCS, TCGI, the Company's international investees, Comcast-Spectacor and certain programming investees, and the effects of the E! Acquisition. Based on Sprint PCS' current operations and business plan, the Company anticipates that its proportionate share of Sprint PCS' losses will be significant in future years. In addition, as a result of the acquisition of E! Entertainment, the Company recorded a charge representing the cumulative amount that would have been recorded had the Company accounted for its investment in E! Entertainment under the equity method since the date of initial investment (the "Cumulative Charge"). Since the Company's proportionate share of E! Entertainment's cumulative losses was in excess of the Company's historical cost basis in E! Entertainment and as the Company was under no contractual obligation to fund the losses of E! Entertainment, the Cumulative Charge was limited to the Company's historical cost basis of $12.1 million. Such amount is included in equity in net losses of affiliates in the Company's 1997 consolidated statement of operations as it is not significant for restatement of the Company's prior year financial statements.

The $8.4 million and $8.9 million increases in other expense from 1996 to 1997 and from 1995 to 1996 are primarily attributable to the settlement of certain litigation in 1996 and the effects of changes in foreign exchange gains and losses.

The $28.8 million decrease in income tax expense from 1996 to 1997 is primarily attributable to the increase in loss before income taxes, offset by increases in certain non-deductible expenses, such as goodwill amortization, foreign losses and equity in net losses of certain affiliates. The $42.3 million increase in income tax expense from 1995 to 1996 is primarily attributable to the decrease in loss before income taxes, plus increases in certain non-deductible expenses.

The $28.2 million increase in minority interest income from 1996 to 1997 is primarily attributable to minority interests in the net loss of Comcast UK Cable and the net income of QVC.

Extraordinary items for the year ended December 31, 1997 of $30.2 million or $.09 per common share consist of unamortized debt acquisition costs and debt extinguishment costs of $47.9 million, net of the related tax benefit of $17.7 million, expensed in connection with the Cable Refinancing, the Cellular Refinancing, the redemption of the 10% Debentures, the redemption of the Step Up Debentures and repayments made with the proceeds from the New Bank Facility.

The extraordinary item for the year ended December 31, 1996 of $1.0 million consists of unamortized debt acquisition costs of $1.8 million, net of the related tax benefit of $800,000, expensed in connection with the prepayment of a portion of a subsidiary's outstanding debt.

The extraordinary item for the year ended December 31, 1995 of $6.1 million or $.02 per common share consists of debt extinguishment costs of $9.4 million, net of the related tax benefit of $3.3 million, expensed in connection with the refinancing of certain indebtedness.

For the years ended December 31, 1997, 1996 and 1995, the Company's distributions from investees and earnings before extraordinary items, income tax expense, equity in net losses of affiliates and fixed charges (interest expense) were $742.1 million, $770.0 million and $615.6 million, respectively. Such earnings were adequate to cover the Company's fixed charges, including capitalized interest of $18.0 million, $32.1 million and $6.4 million, of $582.9 million, $572.9 million and $531.1 million for the years ended December 31, 1997, 1996 and 1995, respectively. The Company's fixed charges include non-cash interest expense of $75.5 million, $97.0 million and $60.2 million for the years ended December 31, 1997, 1996 and 1995, respectively.

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.

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, 1997 and 1996, 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, 1997. 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") (a consolidated subsidiary) which statements reflect total assets constituting 17% of the Company's consolidated total assets as of December 31, 1997 and 1996 and total revenues constituting 42%, 45% and 44% of the Company's consolidated revenues for the years ended December 31, 1997, 1996 and 1995, respectively. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in the Company's consolidated financial statements for QVC, is based solely upon the report 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 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 report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report 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, 1997 and 1996, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1997 in conformity with generally accepted accounting principles.

Deloitte & Touche LLP

Philadelphia, Pennsylvania
February 27, 1998

COMCAST CORPORATION AND SUBSIDIARIES

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

ASSETS	December 31, 1997	1996
CURRENT ASSETS		
Cash and cash equivalents	$413.7	$331.3
Short-term investments	163.9	208.3
Accounts receivable, less allowance for doubtful accounts of $115.0 and $97.1	498.8	439.3
Inventories, net	324.0	258.4
Other current assets	159.1	168.5
Total current assets	1,559.5	1,405.8
INVESTMENTS, principally in affiliates	1,264.3	1,177.7
PROPERTY AND EQUIPMENT	4,285.4	3,600.1
Accumulated depreciation	(1,388.5)	(1,061.3)
Property and equipment, net	2,896.9	2,538.8
DEFERRED CHARGES		
Franchise and license acquisition costs	4,920.5	4,895.7
Excess of cost over net assets acquired and other	4,292.8	3,683.1
	9,213.3	8,578.8
Accumulated amortization	(2,129.8)	(1,612.5)
Deferred charges, net	7,083.5	6,966.3
	$12,804.2	$12,088.6

LIABILITIES AND STOCKHOLDERS' EQUITY	1997	1996
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$1,195.5	$1,044.3
Accrued interest	89.6	91.1
Current portion of long-term debt	132.7	229.5
Total current liabilities	1,417.8	1,364.9
LONG-TERM DEBT, less current portion	6,558.6	7,102.7
DEFERRED INCOME TAXES	2,112.2	2,140.5
MINORITY INTEREST AND OTHER	1,037.7	859.3
COMMITMENTS AND CONTINGENCIES		
COMMON EQUITY PUT OPTIONS	31.4	69.6
STOCKHOLDERS' EQUITY		
Preferred stock - authorized, 20,000,000 shares; 5% series A convertible, no par value; issued, 6,370 at redemption value	31.9	31.9
5.25% series B mandatorily redeemable convertible, $1,000 par value; issued, 513,211 at redemption value	513.2	
Class A special common stock, $1 par value - authorized, 500,000,000 shares; issued, 317,025,969 and 283,281,675	317.0	283.3
Class A common stock, $1 par value - authorized, 200,000,000 shares; issued, 31,793,487 and 33,959,368	31.8	34.0
Class B common stock, $1 par value - authorized, 50,000,000 shares; issued, 8,786,250	8.8	8.8
Additional capital	3,030.6	2,326.6
Accumulated deficit	(2,415.9)	(2,127.1)
Unrealized gains on marketable securities	140.7	0.1
Cumulative translation adjustments	(11.6)	(6.0)
Total stockholders' equity	1,646.5	551.6
	$12,804.2	$12,088.6

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, 1997	1996	1995
REVENUES			
Service income	$2,830.1	$2,202.6	$1,875.2
Net sales from electronic retailing	2,082.5	1,835.8	1,487.7
	4,912.6	4,038.4	3,362.9
COSTS AND EXPENSES			
Operating	1,239.7	948.7	803.4
Cost of goods sold from electronic retailing	1,270.2	1,114.2	900.8
Selling, general and administrative	934.2	768.3	639.9
Depreciation	474.3	314.6	339.9
Amortization	462.1	383.7	349.1
	4,380.5	3,529.5	3,033.1
OPERATING INCOME	532.1	508.9	329.8
OTHER (INCOME) EXPENSE			
Interest expense	564.9	540.8	524.7
Investment income	(137.1)	(122.6)	(229.8)
Equity in net losses of affiliates	330.1	144.8	86.6
Gain from equity offering of affiliate	(7.7)	(40.6)	
Other	11.0	2.6	(6.3)
	761.2	525.0	375.2
LOSS BEFORE INCOME TAX EXPENSE, MINORITY INTEREST AND EXTRAORDINARY ITEMS	(229.1)	(16.1)	(45.4)
INCOME TAX EXPENSE	55.6	84.4	42.1
LOSS BEFORE MINORITY INTEREST AND EXTRAORDINARY ITEMS	(284.7)	(100.5)	(87.5)
MINORITY INTEREST	(76.2)	(48.0)	(49.7)
LOSS BEFORE EXTRAORDINARY ITEMS	(208.5)	(52.5)	(37.8)
EXTRAORDINARY ITEMS	(30.2)	(1.0)	(6.1)
NET LOSS	(238.7)	(53.5)	(43.9)
PREFERRED DIVIDENDS	(14.8)	(0.7)	
NET LOSS FOR COMMON STOCKHOLDERS	($253.5)	($54.2)	($43.9)
LOSS FOR COMMON STOCKHOLDERS PER COMMON SHARE			
Loss before extraordinary items	($.66)	($.21)	($.16)
Extraordinary items	(.09)		(.02)
Net loss	($.75)	($.21)	($.18)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	339.0	247.6	239.7

See notes to consolidated financial statements.

COMCAST CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
(Dollars in millions)

	Year Ended December 31, 1997	1996	1995
OPERATING ACTIVITIES			
Net loss	($238.7)	($53.5)	($43.9)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation	474.3	314.6	339.9
Amortization	462.1	383.7	349.1
Non-cash interest expense, net	51.3	62.2	53.8
Equity in net losses of affiliates	330.1	144.8	86.6
Gain from equity offering of affiliate	(7.7)	(40.6)	
Gains on sale of a subsidiary			(5.5)
Gains on long-term investments, net	(81.0)	(69.2)	(183.0)
Minority interest	(76.2)	(48.0)	(49.7)
Extraordinary items	30.2	1.0	6.1
Deferred income taxes and other	(56.6)	14.0	(15.7)
	887.8	709.0	537.7
Increase in accounts receivable, net	(35.2)	(38.2)	(62.4)
Increase in inventories, net	(65.6)	(5.8)	(57.5)
Decrease (increase) in other current assets	6.4	0.6	(23.3)
Increase in accounts payable and accrued expenses	109.5	114.9	114.3
Increase in accrued interest	13.1	19.1	11.9
Net cash provided by operating activities	916.0	799.6	520.7
FINANCING ACTIVITIES			
Proceeds from borrowings	3,044.5	839.5	3,728.2
Retirement and repayment of debt	(3,580.3)	(734.4)	(1,619.6)
Issuance of preferred stock	500.0		
Issuances (repurchases) of common stock, net	470.2	(175.9)	(7.1)
Equity contribution to a subsidiary			6.6
Dividends	(34.0)	(26.8)	(22.4)
Deferred financing costs	(44.9)	(5.0)	(43.5)
Other	0.1	21.4	(6.5)
Net cash provided by (used in) financing activities	355.6	(81.2)	2,035.7
INVESTING ACTIVITIES			
Acquisitions, net of cash acquired	(170.1)	(60.4)	(1,386.0)
Proceeds from sales (purchases) of short-term investments, net	45.6	210.2	(240.8)
Investments, principally in affiliates	(268.7)	(502.0)	(480.2)
Proceeds from sales of and distributions from investments, principally in affiliates	171.1	167.5	410.5
Proceeds from investees' repayments of loans	30.6		
Capital expenditures	(925.5)	(670.4)	(623.0)
Additions to deferred charges	(61.5)	(38.9)	(34.4)
Other	(10.7)	(32.2)	1.3
Net cash used in investing activities	(1,189.2)	(926.2)	(2,352.6)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	82.4	(207.8)	203.8
CASH AND CASH EQUIVALENTS, beginning of year	331.3	539.1	335.3
CASH AND CASH EQUIVALENTS, end of year	$413.7	$331.3	$539.1

See notes to consolidated financial statements.

COMCAST CORPORATION AND SUBSIDIARIES

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

	Preferred Stock Series A	Preferred Stock Series B	Common Stock Class A Special	Common Stock Class A	Common Stock Class B	Additional Capital	Accumulated Deficit	Unrealized Gains on Marketable Securities	Cumulative Translation Adjustments	Total
BALANCE, JANUARY 1, 1995...........	$	$	$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, common, $.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)		(41.4)	(133.2)			(185.4)
Cash dividends, common, $.0933 per share................							(26.1)			(26.1)
Cash dividends, Series A preferred.						(0.7)				(0.7)
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	2,326.6	(2,127.1)	0.1	(6.0)	551.6
Net loss..........................							(238.7)			(238.7)
Issuance of common stock...........			24.9			475.4				500.3
Issuance of preferred stock........		500.0								500.0
Exercise of options................			1.0			14.8				15.8
Conversion of convertible subordinated debt to common stock............................			8.4			210.1				218.5
Retirement of common stock.........			(0.6)	(2.2)		(22.3)	(17.7)			(42.8)
Cash dividends, common, $.0933 per share.................							(32.4)			(32.4)
Cash dividends, Series A preferred.						(1.6)				(1.6)
Series B preferred dividends.......		13.2				(13.2)				
Temporary equity related to put options						38.2				38.2
Proceeds from sales and extensions of put options...................						2.6				2.6
Unrealized gains on marketable securities, net of deferred taxes of $75.8.........................								140.6		140.6
Cumulative translation adjustments.									(5.6)	(5.6)
BALANCE, DECEMBER 31, 1997..........	$31.9	$513.2	$317.0	$31.8	$8.8	$3,030.6	($2,415.9)	$140.7	($11.6)	$1,646.5

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1997, 1996 AND 1995

1. BUSINESS

Comcast Corporation and its subsidiaries (the "Company") is principally engaged in the development, management and operation of broadband cable networks, cellular and personal communications systems and the provision of content.

Cable communications includes cable and telecommunications services in the United States ("US") and the United Kingdom ("UK"). The Company's consolidated domestic cable operations served approximately 4.4 million subscribers and passed approximately 7.1 million homes as of December 31, 1997. The Company owns a 50% interest in Garden State Cablevision L.P. ("Garden State"), a cable communications company serving more than 208,000 subscribers and passing more than 297,000 homes in the State of New Jersey. Satellite-delivered video service is provided through the Company's equity interest in and distribution arrangements with Primestar Partners, L.P. ("Primestar") (see Note 4). 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 (see Notes 3 and 4).

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 8.2 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. Personal communications services ("PCS") are provided through the Company's investment in Sprint Spectrum Holdings Company, L.P. ("Sprint Spectrum" or "Sprint PCS") (see Note 4).

Content is provided through the Company's majority-owned, subsidiaries QVC, Inc. ("QVC"), an electronic retailer and E! Entertainment Television, Inc. ("E! Entertainment") (see Note 3), and other investments, including Comcast SportsNet, The Golf Channel, The Speedvision Network and The Outdoor Life Network. Through QVC, the Company markets a wide variety of products and is available to, on a full and part-time basis, over 68 million homes in the US, over 6.5 million homes in the UK and over 9.5 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, 1997 and 1996 are net assets of foreign subsidiaries of $141.1 million and $143.7 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, 1997 and 1996, 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 average cost method, which approximates 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 20 to 30 years, which is consistent with the estimated lives of the underlying assets.

Unrestricted publicly traded investments are classified as available for sale and 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.

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. 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. The Company's policy is to allow customers to return merchandise for credit up to thirty days after date of shipment. An allowance for returned merchandise is provided as a percentage of sales based on historical experience. The return provision was approximately 21% of gross sales for each of the years ended December 31, 1997, 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," which 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 No. 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). 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, 1997, 1996 and 1995 was $18.0 million, $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.

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"), foreign exchange option contracts ("FX Options"), and common stock option contracts ("Equity Options") to manage its exposure to fluctuations in interest rates, foreign currency exchange rates and prices of its Class A Special Common Stock, par value $1.00 per share (the "Class A Special Common Stock").

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 remaining term of the underlying debt. Unrealized gains and losses as a result of these instruments are recognized when the underlying hedged item is extinguished or otherwise terminated.

Written FX 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.

Proceeds from sales of Equity Options written on the Company's Class A Special Common Stock are recorded in stockholders' equity and an amount equal to the redemption price of the common stock is reclassified from permanent equity to temporary equity. Subsequent changes in the market value of the Equity Options are not recorded.

Those instruments that have been entered into by the Company to hedge exposure to interest rate and foreign currency exchange rate risks are periodically examined by the Company to ensure that the instruments are matched with underlying liabilities, reduce the Company's risks relating to interest rates and foreign currency exchange rates, and, through market value and sensitivity analysis, maintain a high correlation to the interest expense or underlying value of the hedged item. For those instruments that do not meet the above criteria, variations in their fair value 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 1997, the FASB issued SFAS No. 130, "Reporting Comprehensive Income." This statement, which establishes standards for reporting and disclosure of comprehensive income, is effective for interim and annual periods beginning after December 15, 1997, although earlier adoption is permitted. Reclassification of financial information for earlier periods presented for comparative purposes is required under SFAS No. 130. As this statement only requires additional disclosures in the Company's consolidated financial statements, its adoption will not have any impact on the Company's consolidated financial position or results of operations. The Company will adopt SFAS No. 130 effective January 1, 1998.

In June 1997, the FASB issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." This statement, which establishes standards for the reporting of information about operating segments and requires the reporting of selected information about operating segments in interim financial statements, is effective for fiscal years beginning after December 15, 1997, although earlier application is permitted. Reclassification of segment information for earlier periods presented for comparative purposes is required under SFAS No. 131. The Company does not expect adoption of this statement to result in significant changes to its presentation of financial data by business segment (see Note 10). The Company will adopt SFAS No. 131 effective January 1, 1998.

Loss for Common Stockholders Per Common Share

Loss for common stockholders per common share is computed by dividing net loss and loss before extraordinary items, after deduction of preferred stock dividends, by the weighted average number of common shares outstanding during the period.

In February 1997, the FASB issued SFAS No. 128, "Earnings per Share," which was adopted by the Company effective for the year ended December 31, 1997, as required by the statement. For the years ended December 31, 1997, 1996 and 1995, the Company's potential common shares have an antidilutive effect on the loss for common stockholders per common share and, therefore, have not been used in determining the total weighted average number of common shares outstanding. Diluted loss for common stockholders per common share for 1997, 1996 and 1995 is antidilutive and, therefore, has not been presented.

The following table summarizes those securities that could potentially dilute loss (earnings) for common stockholders per common share in the future that were not included in determining loss for common stockholders per common share as the effect was antidilutive (amounts in millions).

	December 31,		
Potential Common Shares resulting from:	1997	1996	1995
Stock options	16.8	15.5	14.9
Shares under restricted stock program	1.3	1.4	1.1
Convertible preferred stock	22.6	1.3	
Convertible subordinated debt (see Note 6)	10.5	20.7	20.7
Written Equity Options	2.0	4.0	3.0
	53.2	42.9	39.7

Reclassifications

Certain reclassifications have been made to the prior years' consolidated financial statements to conform to those classifications used in 1997.

3. ACQUISITIONS AND OTHER SIGNIFICANT EVENTS

Sale of Comcast UK Cable

On February 4, 1998, Comcast UK Cable, a consolidated subsidiary of the Company, entered into a definitive agreement to be acquired by NTL Incorporated ("NTL"), an alternative telecommunications company in the UK. Pursuant to certain conditions, the Company is expected to receive 4.8 million shares of NTL common stock in exchange for all of the shares of Comcast UK Cable held by the Company (the "NTL Transaction"). Based on the closing price of the NTL common stock on February 4, 1998 of $32.00 per share, the Company is expected to recognize a pre-tax gain of $81.4 million upon closing of the NTL Transaction. Certain conditions agreed to in the NTL Transaction restrict the Company's ability to sell the NTL common stock to be received for a period of 180 days after the closing of the NTL Transaction. The NTL Transaction is expected to close in 1998, subject to the receipt of necessary regulatory and shareholder approvals, the consent of the bondholders of Comcast UK Cable and NTL, as well as the consent of certain NTL bank lenders. As of December 31, 1997 and for the year then ended, the assets and revenues of Comcast UK Cable totaled $736.0 million and $93.3 million, respectively.

AT&T Acquisition of TCGI

On January 8, 1998, AT&T Corporation ("AT&T") entered into a definitive merger agreement with Teleport Communications Group, Inc. ("TCGI"). Upon closing of the merger (the "AT&T Transaction"), the Company is expected to receive 24.2 million shares of AT&T common stock in exchange for all of the shares of TCGI held by the Company (see Note 4). Based on the closing price of the AT&T common stock on January 30, 1998 of $62.625 per share, the Company is expected to recognize a pre-tax gain of approximately $1.390 billion upon closing of the AT&T Transaction. Certain conditions agreed to in the AT&T Transaction restrict the Company's ability to sell the AT&T common stock to be received for a period of between 45 to 135 days after the closing of the AT&T Transaction. The AT&T Transaction is expected to close in 1998, subject to receipt of necessary regulatory and shareholder approvals.

E! Entertainment

On March 31, 1997, the Company, through Comcast Entertainment Holdings LLC (the "LLC"), which is owned 50.1% by the Company and 49.9% by The Walt Disney Company ("Disney"), purchased a 58.4% interest in E! Entertainment from Time Warner for $321.9 million (the "E! Acquisition"). The E! Acquisition was funded by cash contributions to the LLC by the Company and Disney of $132.8 million and $189.1 million, respectively. In connection with the E! Acquisition, the Company contributed its 10.4% interest in E! Entertainment to the LLC. To fund the cash contribution to the LLC, the Company borrowed $132.8 million from Disney in the form of two 10-year, 7% notes (the "Disney Notes").

In December 1997, the LLC acquired the 10.4% interest in E! Entertainment held by Cox Communications, Inc. ("Cox") for $57.1 million. The acquisition was funded by cash contributions to the LLC by the Company and Disney of $28.6 million and $28.5 million, respectively. As of December 31, 1997, the LLC owns a 79.2% interest in E! Entertainment.

The Company accounted for the acquisitions under the purchase method and E! Entertainment was consolidated with the Company effective March 31, 1997. The allocation of the purchase price relating to the assets and liabilities of E! Entertainment is preliminary pending a final appraisal.

Microsoft Investment

On June 30, 1997 (the "Issuance Date"), the Company and Microsoft Corporation ("Microsoft") completed a Stock Purchase Agreement. Microsoft purchased and the Company issued 24.6 million shares of the Company's Class A Special Common Stock at $20.29 per share, for $500.0 million and 500,000 shares of the Company's newly issued 5.25% Series B Mandatorily Redeemable Convertible Preferred Stock, par value $1,000 per share (the "Series B Preferred Stock"), for $500.0 million (see Note 6).

Offerings of Subsidiary Debt

In May 1997, Comcast Cable Communications, Inc. ("Comcast Cable") and Comcast Cellular Corporation (formerly Comcast Cellular Holdings, Inc.) ("Comcast Cellular"), both wholly owned subsidiaries of the Company, sold a total of $2.7 billion of nonrecourse public debt with interest rates ranging from 8 1/8% to 9 1/2% and maturity dates from 2004 to 2027. Comcast Cable and Comcast Cellular used the net proceeds from the offerings to repay existing borrowings by their subsidiaries (see Note 5).

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, valued at $1.552 billion (the "Scripps Acquisition"). The Company 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.

During the second quarter of 1997, the Company recorded the final purchase price allocation relating to the Scripps Acquisition. 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.

QVC

In February 1995, the Company and Tele-Communications, Inc. ("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 accounted for the QVC Acquisition under the purchase method and QVC was consolidated with the Company effective February 1, 1995.

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, 1997	1996
	(Dollars in millions)	
Equity method	$867.6	$966.1
Fair value method	346.5	165.5
Cost method	50.2	46.1
	$1,264.3	$1,177.7

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 (see below). The Company's recorded investments exceed its proportionate interests in the book value of the investees' net assets by $225.8 million as of December 31, 1997 (primarily related to the investments in Comcast-Spectacor and Sprint PCS). Such excess is being amortized to equity in net income or loss, primarily over a period of 20 to 30 years, which is consistent with the estimated lives of the underlying assets. The original cost of investments accounted for under the equity method totaled $1.454 billion and $1.271 billion as of December 31, 1997 and 1996, respectively. Summarized financial information for the Company's equity method investees for 1997, 1996 and 1995 is as follows (dollars in millions).

	Sprint PCS	TCGI	UK Investees	Comcast Spectacor	QVC	Other	Combined
Year Ended December 31, 1997:							
Combined Results of Operations							
Revenues, net	$111.5	$431.3	$197.5	$140.8		$755.0	$1,636.1
Operating, selling, general and administrative expenses	959.4	398.5	168.4	117.9		831.2	2,475.4
Depreciation and amortization	194.2	133.9	76.0	46.5		69.1	519.7
Operating loss	(1,042.1)	(101.1)	(46.9)	(23.6)		(145.3)	(1,359.0)
Net loss (a)	(1,187.3)	(192.9)	(92.2)	(39.6)		(191.2)	(1,703.2)
Company's Equity in Net Loss							
Equity in current period net loss (b)	($178.1)	($30.5)	($34.6)	($26.2)		($51.6)	($321.0)
Amortization expense	(1.5)	(0.2)	(0.6)	(5.4)		(1.4)	(9.1)
Total equity in net loss	($179.6)	($30.7)	($35.2)	($31.6)		($53.0)	($330.1)
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 (a)	(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 (a)	(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)

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(a) see footnote (1) on page 56.
(b) see footnote (2) on page 56.

	Sprint PCS	TCGI	UK Investees	Comcast Spectacor	Other	Combined
Combined Financial Position						
As of December 31, 1997:						
Current assets....................	$317.3	$440.8	$35.9	$84.9	$224.0	$1,102.9
Noncurrent assets.................	5,483.3	1,675.2	716.4	285.4	971.2	9,131.5
Current liabilities................	440.2	302.8	74.6	107.7	750.4	1,675.7
Noncurrent liabilities.............	3,312.9	1,061.6	558.7	188.0	377.2	5,498.4
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

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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.

(2) As a result of the E! Acquisition, the Company recorded a charge representing the cumulative amount that would have been recorded had the Company accounted for its investment in E! Entertainment under the equity method since the date of initial investment (the "Cumulative Charge"). Since the Company's proportionate share of E! Entertainment's cumulative losses was in excess of the Company's historical cost basis in E! Entertainment and as the Company was under no contractual obligation to fund the losses of E! Entertainment, the Cumulative Charge was limited to the Company's historical cost basis of $12.1 million. Such amount is included in equity in net losses of affiliates in the Company's consolidated statement of operations for the year ended December 31, 1997 as it is not significant for restatement of the Company's prior year financial statements.

Sprint PCS. The Company, TCI, Cox and Sprint Corporation ("Sprint," and together with the Company, TCI and Cox, the "Parents"), and certain subsidiaries of the Parents (the "Partner Subsidiaries"), engage in the wireless communications business through Sprint PCS, a development stage enterprise through June 30, 1997. The Company made its initial investment in 1994 and, as of December 31, 1997, holds a general and limited partnership interest of 15% in Sprint PCS. The Company's investment in Sprint PCS is accounted for under the equity method based on the Company's general partnership interest and its representation on the partnership's board.

Sprint PCS was the successful bidder for 29 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 PCS 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 PCS 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 PCS of $602.0 million through January 30, 1998. The Company anticipates that Sprint PCS' capital requirements over the next several years will be significant. Requirements in excess of committed capital are planned to be funded by Sprint PCS through external financing, including, but not limited to, vendor financing, bank financing and securities offered to the public.

The proposed budget for 1998 for Sprint PCS has not yet been approved by the partnership board, which has resulted in the occurrence of a "Deadlock Event" as of January 1, 1998 under the partnership agreement. If the 1998 proposed budget is not approved through resolution procedures set forth in the partnership agreement, certain specified buy/sell procedures may be triggered which may result in a restructuring of the partners' interests, the sale of the Company's interest, or, in limited circumstances, the sale of Sprint PCS.

TCGI. Through June 1996, the Company held investments in 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. As a result of the TCGI IPO, 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").

In February 1997, in connection with an acquisition, TCGI issued 2.1 million unregistered shares of its TCGI Class A Stock. As a result of the stock issuance, the Company recorded a $7.7 million increase in its proportionate share of TCGI's net assets as a gain from equity offering of affiliate in its 1997 consolidated statement of operations.

In March 1997, the Company received 2.76 million shares of TCGI Class A Stock from TCGI in exchange for the Company's shares of an alternate access provider. In May 1997, the Company sold all of its shares of TCGI Class A Stock for $68.9 million and recognized a $68.9 million pre-tax gain, which is included in investment income in its 1997 consolidated statement of operations.

In November 1997, TCGI filed a registration statement with the US Securities and Exchange Commission to sell 7.3 million shares of TCGI Class A Stock (the "TCGI Offering"). As a result of the TCGI Offering, the Company will recognize a $59.6 million increase in its proportionate share of TCGI's net assets as a gain from equity offering of affiliate. Such gain will be recorded in the Company's March 31, 1998 condensed consolidated statement of operations and accumulated deficit as the Company records its proportionate share of TCGI's net losses one quarter in arrears.

As of December 31, 1997, the Company owns 25.6 million shares of TCGI Class B Stock representing a 20.1% voting interest and a 14.7% equity interest. The Company continues to account for its interest in TCGI under the equity method based on 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.

UK Investees. As of December 31, 1997, Comcast UK Cable (see Note 3) holds a 27.5% interest in Birmingham Cable Corporation Limited and a 50.0% interest in Cable London PLC. In addition, Comcast UK Cable historically held an investment in Cambridge Holding Company Limited ("Cambridge Cable"). 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 consolidated the financial position and results of operations of Cambridge Cable effective March 31, 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 "Series A 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 and other obligations of $155.0 million. The Company accounts for its interest in Comcast-Spectacor under the equity method since the Company does not have control over Comcast-Spectacor's operations. The issuance of the Series A 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.

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).

Other. The Company's other equity investees include investments in cable communications (including Garden State - see Note 1), direct broadcast satellite ("DBS") services via Primestar (see below), cellular/PCS telecommunications and content providers. 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. The Company does not consider these other equity method investments to be individually significant to its consolidated financial position, results of operations or liquidity.

Restructuring of Primestar's Operations. The Company holds a 10.4% general and limited partnership interest in Primestar, which is principally engaged in the business of acquiring, originating and/or providing television programming services delivered by satellite through a network of distributors, including the Company, throughout the US.

The Company, through a wholly owned subsidiary, distributes the Primestar DBS service (the "Primestar Service") to subscribers within specified areas of 19 states in the US. As of December 31, 1997, the Company provided the Primestar Service to more than 181,000 subscribers.

On February 6, 1998, the Company entered into a Merger and Contribution Agreement (the "Merger and Contribution Agreement") with Primestar and the affiliates of each of the other partners of Primestar, including TCI Satellite Entertainment, Inc. ("TSAT"), a publicly-traded company, pursuant to which the Company's DBS operations, the Company's partnership interests in Primestar and the Primestar partnership interests and the DBS operations of the other partners of Primestar will be consolidated into a newly formed company ("New Primestar"). Under the terms of the Merger and Contribution Agreement, upon closing of the transactions, it is expected that New Primestar, through a series of transactions, will pay the Company approximately $83 million (based upon the number of the Company's subscribers to the Primestar Service as of December 31, 1997), and that the Company would own approximately 10% of New Primestar common equity, both subject to adjustment based on the number of the Company's subscribers to the Primestar Service, inventory amounts and other factors as of the closing of the transactions. Subject to receipt of regulatory approval and other conditions, after the closing of the transactions, TSAT will merge with and into New Primestar in a transaction in which TSAT's outstanding common shares will be converted into common shares of New Primestar. As of December 31, 1997 and for the year then ended, the assets and revenues of the Company's DBS operations totaled $162.8 million and $114.1 million, respectively.

In June 1997, Primestar entered into an agreement with The News Corporation Limited, MCI Telecommunications Corporation and American Sky Broadcasting LLC ("ASkyB"), pursuant to which Primestar (or, under certain conditions, New Primestar) will acquire certain assets relating to a high-power DBS business (the "ASkyB Transaction"). In exchange for such assets, ASkyB will receive non-voting securities of New Primestar that will be convertible into non-voting common stock of New Primestar, and, accordingly, will reduce the Company's common equity interest in New Primestar to approximately 7% on a fully diluted basis, subject to adjustment.

The Merger and Contribution Agreement and the ASkyB Transaction are not conditioned on each other and may close independently. The Merger and Contribution Agreement is expected to close in 1998, subject to receipt of TSAT shareholder approval. The ASkyB Transaction is expected to close in 1998, subject to the receipt of all necessary governmental and regulatory approvals, including the approval of the FCC. There can be no assurance that such approvals will be obtained.

The Golf Channel. The Golf Channel is a 24-hour network devoted exclusively to golf programming. The programming schedule includes live golf coverage, golf instruction programs and golf news. In addition to the Company, the other partners in The Golf Channel include an affiliate of Fox, Inc., Times Mirror Corporation and other private investors. In January and February 1998, the Company entered into agreements to acquire an additional 28.9% interest in The Golf Channel for $76.2 million. These transactions are expected to close in the first quarter of 1998. After completion of these transactions, the Company's ownership interest in The Golf Channel will be 43.3%.

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.

Fair Value Method

The Company holds unrestricted equity investments in certain publicly traded companies, including an investment classified as short-term as of December 31, 1996 (see "Time Warner/TBS" below), with an historical cost of $130.0 million and $212.7 million as of December 31, 1997 and 1996, respectively. The Company has recorded these investments, which are classified as available for sale, at their estimated fair values of $346.5 million and $212.9 million as of December 31, 1997 and 1996, respectively. The unrealized pre-tax gains as of December 31, 1997 (which includes the @Home Unrestricted Shares - see below) and December 31, 1996 of $216.5 million and $200,000, respectively, have been reported in the Company's consolidated balance sheet as a component of stockholders' equity, net of related deferred income tax expense of $75.8 million and $100,000, respectively.

@Home. In July 1997, At Home Corporation ("@Home"), an investee of the Company previously accounted for under the equity method, completed an initial public offering of its Series A Common Stock (the "@Home IPO"). @Home provides Internet services to customers and businesses over the cable television infrastructure in a limited number of cities in the US. Effective July 1, 1997, due to the dilution of the Company's equity and voting interests and other factors subsequent to the @Home IPO, the Company discontinued the equity method of accounting for its investment in @Home. As of December 31, 1997, the Company holds 8.0 million contractually restricted shares (the "Restricted Shares") and 6.6 million unrestricted shares (the "Unrestricted Shares") of @Home Series A Common Stock (the "@Home Series A Stock"), representing a 12.3% and a 5.7% equity and voting interest, respectively. The Company has recorded the Restricted Shares at their historical cost of $1.1 million and the Unrestricted Shares, which are classified as available for sale, at their estimated fair value of $164.6 million, based on the quoted market price of the @Home Series A Stock as of December 31, 1997. The unrealized pre-tax gain as of December 31, 1997 of $163.7 million has been reported in the Company's consolidated balance sheet as a component of stockholders' equity, net of related deferred income tax expense of $57.3 million.

Nextel. 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, 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 year ended December 31, 1996, the Company sold 5.6 million shares of Nextel common stock for $105.4 million and recognized a pre-tax gain of $35.4 million which is included in investment income in its consolidated statement of operations. At December 31, 1996, the Company held 3.3 million shares of Nextel common stock and options to acquire an additional 25.0 million shares of Nextel common stock at $16 per share. As of December 31, 1996, these options, which had an historical cost of $20.0 million, were included in investments in publicly traded companies at their fair value of $32.6 million. In February 1997, the Company sold these options to Nextel for $25.0 million and recognized a pre-tax gain of $5.0 million. In July 1997, the Company sold its 3.3 million shares of Nextel common stock for $73.4 million, resulting in a pre-tax gain of $32.2 million. The gains on both the sale of the Nextel options and the Nextel common stock are included in investment income in the Company's 1997 consolidated statement of operations.

Time Warner/TBS. 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. In connection with the January 1997 sales, the Company recognized a pre-tax loss of $3.8 million, which is included in investment income in its 1997 consolidated statement of operations. As of December 31, 1996, the 1.27 million shares of Time Warner Stock held by the Company were recorded at their fair value of $47.4 million and were 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. 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.

Cost Method

It is not practicable to estimate the fair value of the Company's investments in privately held companies, accounted for under the cost method, due to a lack of quoted market prices and excessive costs involved in determining such fair value.

5. LONG-TERM DEBT

	December 31, 1997	December 31, 1996
	(Dollars in millions)	
Notes payable to banks and insurance companies, due in installments through 2003	$1,978.3	$4,662.5
Senior participating redeemable zero coupon notes, due 2000		447.9
8-1/8% Senior notes, due 2004	299.7	
8-3/8% Senior notes, due 2007	596.3	
9-1/2% Senior notes, due 2007	998.4	
8-7/8% Senior notes, due 2017	545.5	
8-1/2% Senior notes, due 2027	249.6	
11.20% Senior discount debentures, due 2007	378.3	339.2
10% Subordinated debentures, due 2003		126.6
10-1/4% Senior subordinated debentures, due 2001	125.0	125.0
9-3/8% Senior subordinated debentures, due 2005	234.1	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
1-1/8% Discount convertible subordinated debentures, due 2007	355.9	341.3
7% Disney Notes, due 2007 (see Note 3)	132.8	
Other debt, due in installments principally through 2000	47.4	39.7
	6,691.3	7,332.2
Less current portion	132.7	229.5
	$6,558.6	$7,102.7

Maturities of long-term debt outstanding as of December 31, 1997 for the four years after 1998 are as follows (dollars in millions):

1999	$207.9
2000	301.8
2001	573.6
2002	490.5

Cable Notes

In May 1997, Comcast Cable completed the sale of $1.7 billion principal amount of notes (the "Cable Notes") through a private offering with registration rights. The Cable Notes were issued in four tranches: $300.0 million principal amount of 8 1/8% Notes due 2004 (the "Seven-Year Notes"), $600.0 million principal amount of 8 3/8% Notes due 2007 (the "Ten-Year Notes"), $550.0 million principal amount of 8 7/8% Notes due 2017 (the "Twenty-Year Notes") and $250.0 million principal amount of 8 1/2% Notes due 2027 (the "Thirty-Year Notes"). Comcast Cable used substantially all of the net proceeds from the offering of the Cable Notes to repay certain of its subsidiaries' notes payable to banks with the balance used for subsidiary general purposes. Collectively, the offering of the Cable Notes and the repayment of the aforementioned notes payable with the net proceeds from the offering of the Cable Notes are referred to herein as the "Cable Refinancing."

Interest on the Cable Notes is payable semiannually on May 1 and November 1 of each year, commencing November 1, 1997. The Seven-Year Notes, the Ten-Year Notes and the Twenty-Year Notes are redeemable, in whole or in part, at the option of Comcast Cable at any time and the Thirty-Year Notes are redeemable, in whole or in part, at the option of Comcast Cable at any time after May 1, 2009, in each case at a redemption price equal to the greater of (i) 100% of their principal amount, plus accrued interest thereon to the date of redemption, or (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the date of redemption on a semiannual basis at the Adjusted Treasury Rate (as defined), plus accrued interest on the Cable Notes to the date of redemption. Each holder of the Thirty-Year Notes may require Comcast Cable to repurchase all or a portion of the Thirty-Year Notes owned by such holder on May 1, 2009 at a purchase price equal to 100% of the principal amount thereof.

The Cable Notes are unsecured and unsubordinated obligations of Comcast Cable and rank pari passu with all other unsecured and unsubordinated indebtedness and other obligations of Comcast Cable. The Cable Notes are effectively subordinated to all liabilities of Comcast Cable's subsidiaries, including trade payables. The Cable Notes are obligations only of Comcast Cable and are not guaranteed by and do not otherwise constitute obligations of the Company.

The indenture for the Cable Notes, among other things, contains restrictions (with certain exceptions) on the ability of Comcast Cable and its Restricted Subsidiaries (as defined) to: (i) make dividend payments or other restricted payments; (ii) create liens or enter into sale and leaseback transactions; and (iii) enter into mergers, consolidations, or sales of all or substantially all of their assets.

In October 1997, Comcast Cable completed an exchange of 100% of the Cable Notes for new notes (having the terms described above) registered under the Securities Act of 1933, as amended.

Cellular Notes

In May 1997, Comcast Cellular completed the sale of $1.0 billion principal amount of 9 1/2% Senior Notes due 2007 (the "Cellular Notes") through a private offering with registration rights. Comcast Cellular used the net proceeds from the offering of the Cellular Notes to redeem its senior participating redeemable zero coupon notes (see "Redemption of Zero Coupon Notes" below) and to repay certain subsidiary indebtedness. Collectively, the offering of the Cellular Notes and the redemption and the repayments of the aforementioned notes with the net proceeds from the offering of the Cellular Notes is referred to herein as the "Cellular Refinancing."

Interest on the Cellular Notes is payable in cash semi-annually on May 1 and November 1 of each year, commencing on November 1, 1997. The Cellular Notes are redeemable, in whole or in part, at the option of Comcast Cellular, at any time on or after May 1, 2002 at a redemption price, initially of 104.75% of the principal amount of the Cellular Notes and declining annually to 100% on May 1, 2005, plus accrued and unpaid interest, if any, to the date of redemption. In addition, prior to May 1, 2000, Comcast Cellular may redeem the Cellular Notes at a price equal to 108.5% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date, with the net cash proceeds from one or more Public Equity Offerings (as defined); provided, however, that at least 65% of the originally issued principal amount of the Cellular Notes would remain outstanding after giving effect to any such redemption. Upon the occurrence of a Change of Control Triggering Event (as defined), each holder of the Cellular Notes will have the right to require Comcast Cellular to repurchase such holder's Cellular Notes at 101% of the principal amount, plus accrued and unpaid interest, if any, to the repurchase date.

The Cellular Notes are general unsecured obligations of Comcast Cellular ranking senior to all subordinated Indebtedness (as defined) of Comcast Cellular and pari passu in right of payment with all other existing and future unsecured unsubordinated Indebtedness (as defined) and other liabilities of Comcast Cellular. The Cellular Notes are subordinate to all liabilities, including trade payables, of Comcast Cellular's subsidiaries.

The indenture for the Cellular Notes imposes certain limitations on the ability of Comcast Cellular and its Restricted Subsidiaries (as defined) to, among other things, incur Indebtedness (as defined), make Restricted Payments (as defined), including the payment of cash dividends on Comcast Cellular's Series A Preferred Stock, effect certain Asset Sales (as defined), enter into certain transactions with affiliates, merge or consolidate with any other person or transfer all or substantially all of their properties and assets.

In October 1997, Comcast Cellular completed an exchange of 100% of the Cellular Notes for new notes (having the terms described above) which were registered under the Securities Act of 1933, as amended.

Redemption of Zero Coupon Notes

In May 1997, Comcast Cellular used the net proceeds from the sale of the Cellular Notes to redeem all of its Series A Senior Participating Redeemable Zero Coupon Notes Due 2000 and Series B Senior Participating Redeemable Zero Coupon Notes Due 2000 (together, the "Zero Coupon Notes"). Unamortized debt acquisition costs related to the Zero Coupon Notes were not significant.

Redemption of 1 1/8% Debentures

On February 26, 1998, the Company announced its intention to redeem its $541.9 million principal amount 1 1/8% discount convertible subordinated debentures due 2007 (the "1 1/8% Debentures") on March 30, 1998 at a redemption price of 67.112% of the principal amount, together with accrued interest thereon. Each $1,000 principal amount of 1 1/8% Debentures is convertible into 19.3125 shares of the Company's Class A Special Common Stock. The Company anticipates using available borrowings under a subsidiary credit facility to fund amounts redeemed for cash, if any. In the first quarter of 1998, stockholders' equity will be increased by the full amount of the 1 1/8% Debentures converted (see Note 6), if any, plus accrued interest, less unamortized debt acquisition costs.

UK Holdings Credit Facility

In December 1997, Comcast UK Holdings Ltd. ("UK Holdings"), a wholly owned subsidiary of Comcast UK Cable, entered into a loan agreement with a consortium of banks to provide financing under a revolving credit facility (the "UK Holdings Credit Facility") up to a maximum of (UK Pound)200.0 million. There were no borrowings under the UK Holdings Credit Facility at December 31, 1997. In January 1998, UK Holdings borrowed (UK Pound)75.0 million under the UK Holdings Credit Facility. The UK Holdings Credit Facility bears interest at a rate per annum equal to the London Interbank Offered Rate ("LIBOR") plus 1/2% to 2 1/4%. Amounts available under the UK Holdings Credit Facility will be reduced each quarter in varying amounts beginning March 31, 2000 and continuing through December 31, 2000. Final maturity of the UK Holdings Credit Facility is January 31, 2001. Borrowings under the UK Holdings Credit Facility are guaranteed by certain of Comcast UK Cable's wholly owned subsidiaries.

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.

Debt Repayments

In October 1997, the Company completed the redemption of its $250.0 million principal amount 3 3/8% / 5 1/2% step up convertible subordinated debentures due 2005 (the "Step Up Debentures"). The Company issued 8.4 million shares of its Class A Special Common Stock upon conversion of $206.4 million principal amount of Step Up Debentures while $43.6 million principal amount of Step Up Debentures was redeemed for cash at a redemption price of 105.58% of the principal amount, together with accrued interest thereon. Stockholders' equity was increased by the full amount of Step Up Debentures converted plus accrued interest, less unamortized debt acquisition costs. The issuance of the Company's Class A Special Common Stock upon conversion of the Step Up Debentures had no impact on the Company's consolidated statement of cash flows due to its noncash nature.

In October 1997, a wholly owned subsidiary of Comcast Cellular refinanced its existing revolving credit facility with the proceeds from borrowings under a new $400.0 million credit agreement (the "New Bank Facility") with certain banks. Initial borrowings under the New Bank Facility were used principally to repay existing debt. Borrowings under the New Bank Facility are senior to the Cellular Notes and are secured by a pledge of the capital stock of Comcast Cellular's subsidiaries. The New Bank Facility contains various covenants, including financial covenants restricting changes in control (or making such an event of default) and restricting the payment of dividends, distributions and loans or advances to Comcast Cellular.

In June 1997, the Company redeemed for cash all of its outstanding 10% Subordinated Debentures, due 2003 (the "10% Debentures"). An aggregate principal amount of $139.3 million of the 10% Debentures was redeemed at a redemption price of 100% of the principal amount thereof, together with accrued interest thereon. On the date of redemption, the 10% Debentures had an accreted value of $127.7 million.

Extraordinary Items

Extraordinary items for the year ended December 31, 1997 of $30.2 million or $.09 per common share consist of unamortized debt acquisition costs and debt extinguishment costs of $47.9 million, net of the related tax benefit of $17.7 million, expensed in connection with the Cable Refinancing, the Cellular Refinancing, the redemption of the 10% Debentures, the redemption of the Step Up Debentures and repayments made with the proceeds from the New Bank Facility.

Extraordinary items for the year ended December 31, 1996 of $1.0 million consist of unamortized debt acquisitions costs of $1.8 million, net of the related tax benefit of $800,000, expensed in connection with the prepayment of a portion of a subsidiary's outstanding debt.

Extraordinary items for the year ended December 31, 1995 of $6.1 million or $.02 per common share consist of debt extinguishment costs of $9.4 million, net of the related tax benefit of $3.3 million, expensed in connection with the refinancing of certain indebtedness.

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 0.75%;
- Federal Funds rate plus 0.5% to 1.5%; and
- LIBOR plus 0.3% to 1.875%.

As of December 31, 1997 and 1996, the Company's effective weighted average interest rate on its variable rate bank and insurance company debt outstanding was 6.58% and 6.53%, 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, 1997 and 1996 (dollars in millions):

	Notional Amount	Maturities	Average Interest Rate	Estimated Fair Value
As of December 31, 1997				
Variable to Fixed Swaps..........	$600.0	1998-2000	5.56%	$4.3
Caps............................	150.0	1998	6.67%	
Collar..........................	50.0	1998	7.00%/4.90%	0.2
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

The notional amounts of interest rate instruments, 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, 1997, 1996 and 1995 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, 1997 and 1996, Comcast UK Cable had (UK Pound)250.0 million notional amount of FX Puts to purchase US dollars at an exchange rate of $1.35 per (UK 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, 1997 and 1996, the FX Puts had carrying values of $13.1 million and $18.4 million, respectively, and estimated fair values of $5.2 million and $5.5 million, respectively. The difference between the carrying amount and the estimated fair value of the FX Puts was not significant as of December 31, 1995.

In 1995, in order to reduce hedging costs, Comcast UK Cable sold foreign exchange call option contracts ("FX Calls") to exchange (UK 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, (UK Pound)200.0 million notional amount, with an exchange ratio of $1.70 per (UK Pound)1.00, expired unexercised in November 1996 while the remaining contract, with a (UK Pound)50.0 million notional amount and an exchange ratio of $1.62 per (UK Pound)1.00, has a settlement date in November 2000. In 1996, in order to continue to reduce hedging costs, Comcast UK Cable sold additional FX Calls, for proceeds of $3.5 million, to exchange (UK Pound)200.0 million notional amount at an average exchange ratio of $1.75 per (UK Pound)1.00. These contracts expired unexercised in 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, 1997 and 1996, the estimated fair value of the liabilities related to the FX Calls, as recorded in the Company's consolidated balance sheet, was $4.4 million and $12.2 million, respectively. Changes in fair value between measurement dates relating to the FX Calls resulted in exchange gains of $7.4 million and exchange losses of $2.2 million during the years ended December 31, 1997 and 1996, respectively. 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 $7.123 billion and $7.323 billion as of December 31, 1997 and 1996, 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, 1997, $251.6 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 $61.7 million which is restricted to use by Comcast UK Cable.

Restricted net assets of the Company's subsidiaries were approximately $2.7 billion as of December 31, 1997. 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 January 30, 1998, certain subsidiaries of the Company had unused lines of credit of $1.0 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.

As of December 31, 1997, the Company and certain of its subsidiaries had unused irrevocable standby letters of credit totaling $120.5 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. 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 June 1997, in connection with Microsoft's investment in the Company (see Note 3), the Company issued the Series B Preferred Stock. The Series B Preferred Stock has a 5.25% pay-in-kind annual dividend. Dividends will be paid quarterly through the issuance of additional shares of Series B Preferred Stock (the "Additional Shares") and will be cumulative from the Issuance Date (except that dividends on the Additional Shares will accrue from the date such Additional Shares are issued). The Series B Preferred Stock, including the Additional Shares, is convertible, at the option of Microsoft, into 21.2 million shares of the Company's Class A Special Common Stock, subject to adjustment in certain limited circumstances, which equals an initial conversion price of $23.54 per share, increasing as a result of the Additional Shares to $33.91 per share on June 30, 2004. The Series B Preferred Stock is mandatorily redeemable on June 30, 2017, or, at the option of the Company beginning on June 30, 2004 or at the option of Microsoft on June 30, 2004 or on June 30, 2012. Upon redemption, the Company, at its option, may redeem the Series B Preferred Stock with cash, Class A Special Common Stock or a combination thereof. As the Company currently intends to redeem the Series B Preferred Stock with Class A Special Common Stock upon redemption, the Series B Preferred Stock has been classified as a component of stockholders' equity as of December 31, 1997. The Series B Preferred Stock is generally non-voting.

In July 1996, in connection with the Sports Venture Acquisition (see Note 4), the Company issued 6,370 shares of Series A Preferred Stock. Each holder of shares of the Series A Preferred Stock is entitled to receive cumulative cash dividends at the annual rate of $250 per share, payable quarterly in arrears. The Series A 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 Series A 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 Series A Preferred Stock, subject to certain conditions. The holders of the Series A 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

The Company's 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, 1997, 10.5 million shares of Class A Special Common Stock were reserved for issuance upon conversion of the Company's 1 1/8% Debentures (see Note 5).

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 could purchase, at such times and on such terms as it deemed appropriate, up to $500.0 million of its outstanding common equity securities, subject to certain restrictions and market conditions. Based on the trade date for stock repurchases, during the years ended December 31, 1997, 1996 and 1995, the Company repurchased 2.3 million shares, 10.5 million shares and 680,000 shares, respectively, of its common stock for aggregate consideration of $36.2 million, $180.0 million and $12.4 million, respectively, pursuant to the Repurchase Program. During the term of the

Repurchase Program, which terminated on May 13, 1997, the Company repurchased a total of 13.5 million shares of its common stock for aggregate consideration of $228.6 million.

As part of the Repurchase Program, the Company sold put options on shares of its Class A Special Common Stock. Put options on 4.0 million shares, sold by the Company during 1996 and 1995 and outstanding at December 31, 1996, expired unexercised during the first quarter of 1997. Upon expiration, the Company reclassified $69.6 million, the amount it would have been obligated to pay to repurchase such shares had the put options been exercised, from common equity put options to additional capital in the Company's consolidated balance sheet.

As part of the Repurchase Program, in April 1997, the Company sold put options on 2.0 million shares of its Class A Special Common Stock. The put options give the holder the right to require the Company to repurchase such shares at $15.68 per share on specific dates in April and May 1998. The amount the Company would be obligated to pay to repurchase such shares upon exercise of the put options, totaling $31.4 million, has been reclassified from additional capital to common equity put options in the Company's December 31, 1997 consolidated balance sheet. The difference between the proceeds from the sale of these put options and their estimated fair value was not significant as of December 31, 1997.

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 in the Plan. The Class A Common Stock was subsequently retired.

Stock-Based Compensation Plans

As of December 31, 1997, 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, 33.5 million shares of Class A Special Common Stock and 658,000 shares of Class B Common Stock were reserved as of December 31, 1997. 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, 1997, 1996 and 1995 is presented below (options in thousands):

	1997		1996		1995	
	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..	14,851	$14.54	14,208	$14.25	11,868	$13.73
Granted..........................	2,599	19.47	1,308	17.41	2,899	15.88
Exercised........................	(795)	9.95	(199)	8.72	(267)	9.13
Canceled.........................	(545)	16.40	(466)	16.08	(292)	15.42
Outstanding at end of year........	16,110	15.50	14,851	14.54	14,208	14.25
Exercisable at end of year........	7,693	$13.91	6,875	$13.40	5,812	$13.13
Class A Common Stock						
Outstanding at beginning of year..			229	$4.87	362	$4.74
Exercised........................			(229)	4.87	(129)	4.52
Canceled.........................					(4)	4.92
Outstanding at end of year........					229	4.87
Exercisable at end of year........					226	$4.86
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	658	$5.70	557	$5.45

The following table summarizes information about the Class A Special Common Stock options outstanding under the Comcast Option Plan as of December 31, 1997 (options in thousands):

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at 12/31/97	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable at 12/31/97	Weighted-Average Exercise Price
$6.22 to $10.72	2,493	2.0 Years	$7.30	1,846	$7.18
$10.83 to $14.63	3,353	4.4 Years	11.78	2,236	11.30
$15.00 to $19.00	4,667	8.3 Years	16.96	428	15.91
$19.13 to $23.81	5,597	4.9 Years	20.16	3,183	19.38
	16,110			7,693	

The weighted-average fair value at date of grant of a Class A Special Common Stock option granted under the Comcast Option Plan during 1997, 1996 and 1995 was $10.18, $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: dividend yield of .52%, .53% and .65% for 1997, 1996 and 1995, respectively; expected volatility of 30.1%, 34.9% and 40.7% for 1997, 1996 and 1995, respectively; risk-free interest rate of

6.5%, 6.8% and 7.6% for 1997, 1996 and 1995, respectively; expected option lives of 9.9 years for 1997 and 1996 and 10.2 years for 1995; and a forfeiture rate of 3.0% for all 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 $688.14. 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, 1997, 236,000 shares of QVC Common Stock were reserved under the plan. Compensation expense of $3.4 million and $4.0 million was recorded under the QVC Tandem Plan during the years ended December 31, 1997 and 1996, respectively. No compensation expense was recognized under the QVC Tandem 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, 1997, 1996 and 1995 is presented below (options/SARs in thousands):

	1997		1996		1995	
	Options/ SARs	Weighted-Average Exercise Price	Options/ SARs	Weighted-Average Exercise Price	Options/ SARs	Weighted-Average Exercise Price
Outstanding at beginning of year.......	164	$192.16	142	$177.05		
Granted....................	74	601.28	26	271.23	142	$177.05
Exercised..................	(55)	177.05				
Canceled...................	(3)	262.20	(4)	177.05		
Outstanding at end of year..	180	363.99	164	192.16	142	177.05
Exercisable at end of year..	20	$205.42	36	$177.05		

The following table summarizes information about the options/SARs outstanding under the QVC Tandem Plan as of December 31, 1997 (options/SARs in thousands):

	Options/SARs Outstanding		Options/SARs Exercisable
Exercise Price	Number Outstanding at 12/31/97	Weighted-Average Remaining Contractual Life	Number Exercisable at 12/31/97
$177.05	105	7.7 Years	18
522.31	3	8.5 Years	1
585.19	5	9.0 Years	1
634.25	66	9.7 Years	
688.14	1	9.8 Years	
	180		20

The weighted-average fair value at date of grant of a QVC Common Stock option/SAR granted during 1997, 1996 and 1995 was $331.93, $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: no dividend yield for all years; expected volatility of 20% for all years; risk-free interest rate of 6.2%, 6.8% and 7.5% for 1997, 1996 and 1995, respectively; expected option lives of 10 years for all years; and a forfeiture rate of 3.0% for all 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):

	1997	1996	1995
Net loss - As reported..............................	($238.7)	($53.5)	($43.9)
Net loss - Pro forma................................	(252.0)	(61.0)	(50.7)
Net loss for common stockholders - As reported......	($253.5)	($54.2)	($43.9)
Net loss for common stockholders - Pro forma.........	(266.7)	(61.7)	(50.7)
Net loss for common stockholders per common share - As reported	($.75)	($.21)	($.18)
Net loss for common stockholders per common share - Pro forma.......................	(.79)	(.24)	(.21)

The pro forma effect on net loss and net loss per share for the years ended December 31, 1997, 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, 1997, there were 1.3 million unvested shares granted under the program, of which 327,000 vested in January 1998. During the years ended December 31, 1997, 1996 and 1995, 208,000, 951,000 and 135,000 shares were granted under the program, respectively, with a weighted-average grant date market value of $17.36, $19.16 and $20.61 per share, respectively. Compensation expense recognized during the years ended December 31, 1997, 1996 and 1995 under this program was $7.1 million, $5.5 million, and $4.6 million, respectively. There was no significant difference between the amount of compensation expense recognized by the Company during the years ended December 31, 1997, 1996 and 1995 and the amount that would have been recognized had compensation expense been determined under the provisions of SFAS No. 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 the years ended December 31, 1997, 1996 and 1995, 4,000, 11,000 and 11,000 SARs were awarded, respectively, and 20,000 SARs were outstanding at December 31, 1997, of which 4,000 were exercisable. Compensation expense related to the QVC SAR Plans of $3.4 million, $4.5 million and $1.1 million was recorded during the years ended December 31, 1997, 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 No. 123.

E! Entertainment established a SAR plan in 1995 for certain of its employees and officers (the "E! SAR Plan"). Approximately 7.8 million SAR units were reserved under the E! SAR Plan and were outstanding as of December 31, 1997. SAR units granted under the E! SAR Plan will be 100% vested at December 31, 1998, or earlier upon death or disability or the occurrence of certain transactions or events. The value of a SAR unit granted pursuant to the E! SAR Plan will be based on the appreciation of the value of E! Entertainment, determined by an independent appraisal, between January 1, 1995 and December 31, 1998, or December 31, 1999 should the participants holding the majority of SAR units elect to extend the valuation date. Payments may be deferred by E! Entertainment under certain circumstances and will not begin earlier than 1999. Compensation expense related to the E! SAR Plan was $7.0 million during the year ended December 31, 1997. There was no significant difference between the amount of compensation expense recognized and the amounts that would have been recognized had compensation expense been determined under the provisions of SFAS No. 123.

7. INCOME TAXES

The Company joins with its 80% or more owned subsidiaries (the "Consolidated Group") in filing consolidated federal income tax returns. Both QVC and Comcast Communications Properties, Inc., an indirect majority owned subsidiary of the Company, file separate consolidated federal income tax returns.

Income tax expense consists of the following components:

	Year Ended December 31,		
	1997	1996	1995
	(Dollars in millions)		
Current expense			
Federal	$94.4	$82.0	$45.2
State	24.9	23.3	14.3
	119.3	105.3	59.5
Deferred expense (benefit)			
Federal	(61.1)	(20.4)	(22.0)
State	(2.6)	(0.5)	4.6
	(63.7)	(20.9)	(17.4)
Income tax expense	$55.6	$84.4	$42.1

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

	Year Ended December 31, 1997	1996	1995
	(Dollars in millions)		
Federal tax at statutory rate	($80.2)	($5.6)	($15.9)
Non-deductible depreciation and amortization	42.6	32.0	23.7
State income taxes, net of federal benefit	14.5	14.8	12.3
Non-deductible foreign losses and equity in net losses of affiliates	53.1	27.5	17.3
Additions to valuation allowance	16.3	18.3	1.4
Other	9.3	(2.6)	3.3
Income tax expense	$55.6	$84.4	$42.1

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

	Year Ended December 31, 1997	1996	1995
	(Dollars in millions)		
Depreciation and amortization	($95.4)	($60.2)	($68.3)
Accrued expenses not currently deductible	(13.2)	(6.3)	(2.7)
Non-deductible reserves for bad debts, obsolete inventory and sales returns	(10.9)	(11.0)	(14.2)
Non-taxable temporary differences associated with sale or exchange of securities	6.4	30.9	22.7
Losses (income) from affiliated partnerships	45.9	25.6	(2.4)
Utilization of net operating loss carryforwards			41.0
Deferred tax assets arising from current period losses	(16.6)	(23.0)	(10.0)
Change in valuation allowance and other	20.1	23.1	16.5
Deferred income tax benefit	($63.7)	($20.9)	($17.4)

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

	December 31, 1997	December 31, 1996
	(Dollars in millions)	
Deferred tax assets:		
Net operating loss carryforwards	$343.8	$280.9
Differences between book and tax basis of property and equipment and deferred charges	24.5	24.5
Reserves for bad debts, obsolete inventory and sales returns	84.8	73.9
Other	62.9	49.7
Less: Valuation allowance	(279.5)	(263.2)
	236.5	165.8
Deferred tax liabilities, principally differences between book and tax basis of property and equipment and deferred charges	2,256.2	2,228.3
Net deferred tax liability	$2,019.7	$2,062.5

The deferred tax liability is net of deferred tax assets of $92.5 million and $78.0 million as of December 31, 1997 and 1996, 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 Consolidated Group and Comcast Communications Properties, Inc. have net operating loss carryforwards for which deferred tax assets have been recorded of approximately $150.0 million and $30.0 million, respectively, which expire primarily in 2010 and 2011. Remaining net operating loss carryforwards, for which valuation allowances have been established, expire in periods through 2012.

8. STATEMENT OF CASH FLOWS - SUPPLEMENTAL INFORMATION

The Company made cash payments for interest of $494.4 million, $456.8 million and $459.1 million during the years ended December 31, 1997, 1996 and 1995, respectively.

The Company made cash payments for income taxes of $114.2 million, $101.4 million and $35.4 million during the years ended December 31, 1997, 1996 and 1995, respectively.

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.

Beginning in October 1998, Disney, in certain circumstances, is entitled to cause the LLC to purchase Disney's entire interest in the LLC at its then fair market value (as determined by an appraisal process). If the LLC elects not to purchase Disney's interests, Disney has the right, at its option, to purchase either the Company's entire interest in the LLC or all of the shares of stock of E! Entertainment held by the LLC, 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 (see Notes 3 and 5) 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.

At any time after December 18, 2001, the California Public Employees Retirement System ("CalPERS") may elect to liquidate its interest in MHCP Holdings, L.L.C. ("MHCP Holdings"), a 55% owned indirect subsidiary of the Company (which holds the US cable television operations formerly known as Maclean Hunter Limited) in which CalPERS owns the remaining 45% interest, at a price based upon the fair value of CalPERS' interest in MHCP Holdings, adjusted, under certain circumstances, for certain performance criteria relating to the fair value of MHCP Holdings 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 MHCP Holdings.

Minimum annual rental commitments for office space, equipment and transponder service agreements under noncancellable operating leases as of December 31, 1997 are as follows:

	(Dollars in millions)
1998	$58.0
1999	52.4
2000	43.3
2001	37.7
2002	36.4
Thereafter	158.8

Rental expense of $77.3 million, $54.7 million and $44.6 million for 1997, 1996 and 1995, respectively, has been charged to operations.

Contingencies

QVC has an agreement with an unrelated third party (the "Bank") whereby the Bank provides revolving credit directly to QVC customers. The revolving credit card issued by the Bank may be used solely for the purchase of goods and services from QVC. The Bank may advance a portion of the purchase price to QVC. QVC is obligated to purchase from the Bank any uncollected customers' accounts. The uncollected balances of revolving credit extended by the Bank under this agreement are $340.0 million and $317.7 million as of December 31, 1997 and 1996, respectively, of which $309.6 million and $284.5 million represent interest bearing deposits due from the unrelated third party. The total reserve balances maintained for the purchase of uncollectible accounts are $76.5 million and $73.2 million as of December 31, 1997 and 1996, respectively. The Company's potential obligations 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, 1997 and 1996.

The Company is subject to legal proceedings and claims which arise in the ordinary course of its business. 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.

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 cable communications operations; "Electronic Retailing," the most significant of the Company's content businesses; and "Cellular Communications," the most significant of the Company's cellular/PCS 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 "Other" (dollars in millions).

	Domestic Cable Communications	Electronic Retailing	Cellular Communications	Corporate and Other(1)	Total
1997					
Revenues	$2,073.0	$2,082.5	$444.9	$312.2	$4,912.6
Depreciation and amortization	626.1	115.0	109.8	85.5	936.4
Operating income (loss)	361.6	222.7	65.6	(117.8)	532.1
Interest expense	227.9	56.3	111.3	169.4	564.9
Assets	6,057.8	2,268.3	1,480.8	2,997.3	12,804.2
Long-term debt	2,554.9	768.8	1,224.5	2,010.4	6,558.6
Capital expenditures	497.8	97.3	130.0	200.4	925.5
Equity in net losses of affiliates				(330.1)	(330.1)
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)

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(1) Other includes certain operating businesses, including E! Entertainment (beginning on March 31, 1997), the Company's consolidated UK cable and telecommunications operations, the Company's DBS operations and elimination entries related to the segments presented.

11. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

	First Quarter	Second Quarter (4)	Third Quarter	Fourth Quarter (5)	Total Year
	(Dollars in millions, except per share data)				
1997					
Revenues	$1,130.8	$1,184.5	$1,204.2	$1,393.1	$4,912.6
Operating income before depreciation and amortization (1)	333.7	367.4	365.0	402.4	1,468.5
Operating income	121.3	117.4	123.7	169.7	532.1
Loss before extraordinary items (2)	(64.7)	(14.6)	(52.1)	(77.1)	(208.5)
Extraordinary items (6)		(22.8)	(3.1)	(4.3)	(30.2)
Net loss (2)	(64.7)	(37.4)	(55.2)	(81.4)	(238.7)
Loss per share before extraordinary items	(.20)	(.05)	(.17)	(.24)	(.66)
Extraordinary items per share		(.07)	(.01)	(.01)	(.09)
Net loss per share	(.20)	(.12)	(.18)	(.25)	(.75)
Cash dividends per common share	.0233	.0233	.0233	.0233	.0933
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 (3)	(34.6)	17.8	(10.0)	(25.7)	(52.5)
Extraordinary item		(1.0)			(1.0)
Net (loss) income (3)	(34.6)	16.8	(10.0)	(25.7)	(53.5)
(Loss) income per share before extraordinary item	(.14)	.07	(.04)	(.09)	(.21)
Extraordinary item per share					
Net (loss) income per share	(.14)	.07	(.04)	(.09)	(.21)
Cash dividends per common 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, although the Company's measure of operating cash flow may not be comparable to similarly titled measures of other companies. 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 were affected by the gain on the sale of TCGI Class A stock in the second quarter of 1997 and the gain on the sale of Nextel common stock in the third quarter of 1997 (see Note 4).

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

(4) Results of operations for the second quarter of 1997 include the results of E! Entertainment, which have been consolidated effective March 31, 1997 (see Note 3).

(5) Results of operations for the fourth quarter of 1996 include 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 1997 and 1996 are also affected by the seasonality of the Company's electronic retailing operations.

(6) Extraordinary items consist of unamortized debt acquisition and debt extinguishment costs expensed in connection with the Cable Refinancing, the Cellular Refinancing and the redemption of the 10% debentures in the second quarter of 1997, the redemption of the Step Up Debentures in the third quarter of 1997 and the repayments made with the proceeds from the New Bank Facility in the fourth quarter of 1997 (see Note 5).

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 1998, 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) Reports on Form 8-K
(i) Comcast Corporation filed a Current Report on Form 8-K under Item 1 on October 27, 1997 relating to the change in control of the Registrant.

(d) 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).

3.1(e) 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).

3.1(f) Form of Statement of Designations, Preferences and Rights of Series B Convertible Preferred Stock of the Company (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997).

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 Indenture, dated as of October 17, 1991, between the Company and Bank of Montreal/Harris Trust (successor to 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).

4.4 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).

4.5 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).

4.6 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).

4.7 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).

4.8 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).

4.9 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).

4.10 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).

4.11 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).

4.11(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).

10.1* Comcast Corporation 1986 Non-Qualified Stock Option Plan, as amended and restated, effective December 10, 1996 (incorporated by reference to Exhibit 10.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 1996).

10.2* Comcast Corporation 1987 Stock Option Plan, as amended and restated, effective December 10, 1996 (incorporated by reference to Exhibit 10.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 1996).

10.3* Comcast Corporation 1996 Stock Option Plan, as amended and restated, effective May 1, 1997 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997).

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* Constitutes a management contract or compensatory plan or arrangement.

10.4* Comcast Corporation 1996 Deferred Compensation Plan, as amended and restated, effective January 9, 1998.

10.5* Comcast Corporation 1990 Restricted Stock Plan, as amended and restated, effective September 16, 1997 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997).

10.6* 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).

10.7* Comcast Corporation 1996 Cash Bonus Plan, as amended and restated, effective May 30, 1997 (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997).

10.8* Comcast Corporation 1996 Executive Cash Bonus Plan, dated August 15, 1996 (incorporated by reference to Exhibit 10.10 to the Company's Annual Report on Form 10-K for the year ended December 31, 1996).

10.9* Compensation and Deferred Compensation Agreement by and between Comcast Corporation and Ralph J. Roberts, dated December 16, 1997.

10.10 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).

10.11 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).

10.12 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).

10.13* Comcast Corporation 1997 Deferred Stock Option Plan, as amended and restated, effective December 18, 1997.

10.14 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).

10.15 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).

10.16 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).

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* Constitutes a management contract or compensatory plan or arrangement.

10.17 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).

10.18 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).

10.19 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).

10.20 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).

10.21 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).

10.22 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).

10.23 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).

10.24 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).

10.25(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.).

10.25(b)/*/ Amendment No. 3, dated as of July 19, 1996, to the Credit Agreement, dated as of February 15, 1995, among QVC, Inc. and the Banks listed therein.

10.26 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).

10.27 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).

/*/ 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.

10.28 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).

10.29 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).

10.30 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).

10.31 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).

10.32 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).

10.33 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).

10.34 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).

10.35/*/ 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.

10.36 Indenture dated as of May 1, 1997, between Comcast Cable Communications, Inc. and Bank of Montreal Trust Company, as Trustee, in respect of Comcast Cable Communications, Inc.'s 8-1/8% Notes due 2004, 8-3/8% Notes due 2007, 8-7/8% Notes due 2017 and 8-1/2% Notes due 2027 (incorporated by reference to Exhibit 4.1(a) to the Registration Statement on Form S-4 (File No. 333-30745) of Comcast Cable Communications, Inc.).

10.37 Indenture dated as of May 8, 1997, between Comcast Cellular Corporation (formerly Comcast Cellular Holdings, Inc.) and The Bank of New York, as Trustee, in respect of Comcast Cellular Holdings, Inc.'s 9-1/2% Senior Notes due 2007 (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-4 (File No. 333-31009) of Comcast Cellular Holdings, Inc.).

/*/ 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(a)	Consent of Deloitte & Touche LLP.
23.2	Consent of KPMG Peat Marwick LLP.
27.1	Financial Data Schedule.
99.1	Report of Independent Public Accountants to QVC, Inc., as of and for the years ended December 31, 1997 and 1996 and for the eleven-month period 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 3, 1998.

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 3, 1998
/s/ Julian A. Brodsky Julian A. Brodsky	Vice Chairman of the Board of Directors; Director	March 3, 1998
/s/ Brian L. Roberts Brian L. Roberts	President; Director (Principal Executive Officer)	March 3, 1998
/s/ Lawrence S. Smith Lawrence S. Smith	Executive Vice President (Principal Accounting Officer)	March 3, 1998
/s/ John R. Alchin John R. Alchin	Senior Vice President, Treasurer (Principal Financial Officer)	March 3, 1998
/s/ Daniel Aaron Daniel Aaron	Director	March 3, 1998
/s/ Gustave G. Amsterdam Gustave G. Amsterdam	Director	March 3, 1998
/s/ Sheldon M. Bonovitz Sheldon M. Bonovitz	Director	March 3, 1998
/s/ Joseph L. Castle II Joseph L. Castle II	Director	March 3, 1998

SIGNATURE	TITLE	DATE
/s/ Bernard C. Watson - ---------------------------- Bernard C. Watson	Director	March 3, 1998
/s/ Irving A. Wechsler - ---------------------------- Irving A. Wechsler	Director	March 3, 1998
/s/ Anne Wexler - ---------------------------- Anne Wexler	Director	March 3, 1998

COMCAST CORPORATION AND SUBSIDIARIES

SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF

REGISTRANT UNCONSOLIDATED (PARENT ONLY)

CONDENSED BALANCE SHEET

(In millions, except share data)

	December 31, 1997	1996
ASSETS		
Cash and cash equivalents	$12.8	$9.7
Other current assets	5.9	5.7
Total current assets	18.7	15.4
Investments in and amounts due from subsidiaries eliminated upon consolidation	3,487.0	2,646.8
Property and equipment, net	38.5	30.9
Other assets, net	45.5	85.8
	$3,589.7	$2,778.9
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accrued interest	$35.0	$49.5
Other current liabilities	108.1	188.3
Total current liabilities	143.1	237.8
Long-term debt	1,464.9	1,716.3
Deferred income taxes and other	303.8	203.6
Common equity put options	31.4	69.6
Stockholders' equity		
Preferred stock - authorized, 20,000,000 shares; 5% series A convertible, no par value; issued, 6,370 at redemption value	31.9	31.9
5.25% series B mandatorily redeemable convertible, $1,000 par value; issued, 513,211 at redemption value	513.2	
Class A special common stock, $1 par value - authorized, 500,000,000 shares; issued, 317,025,969 and 283,281,675	317.0	283.3
Class A common stock, $1 par value - authorized, 200,000,000 shares; issued, 31,793,487 and 33,959,368	31.8	34.0
Class B common stock, $1 par value - authorized, 50,000,000 shares; issued, 8,786,250	8.8	8.8
Additional capital	3,030.6	2,326.6
Accumulated deficit	(2,415.9)	(2,127.1)
Unrealized gains on marketable securities, including securities held by subsidiaries	140.7	0.1
Cumulative translation adjustments of subsidiaries	(11.6)	(6.0)
Total stockholders' equity	1,646.5	551.6
	$3,589.7	$2,778.9

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, 1997	1996	1995
REVENUES, principally intercompany fees eliminated upon consolidation	$286.8	$212.0	$192.2
GENERAL AND ADMINISTRATIVE EXPENSES	69.5	55.6	53.8
OPERATING INCOME	217.3	156.4	138.4
OTHER (INCOME) EXPENSE			
Interest expense, including intercompany interest, net	231.2	263.6	214.6
Equity in net losses (income) of affiliates and other	238.6	(16.3)	(7.6)
	469.8	247.3	207.0
LOSS BEFORE INCOME TAX BENEFIT AND EXTRAORDINARY ITEMS	(252.5)	(90.9)	(68.6)
INCOME TAX BENEFIT	(16.6)	(37.4)	(25.3)
LOSS BEFORE EXTRAORDINARY ITEMS	(235.9)	(53.5)	(43.3)
EXTRAORDINARY ITEMS	(2.8)		(0.6)
NET LOSS	(238.7)	(53.5)	(43.9)
ACCUMULATED DEFICIT			
Beginning of year	(2,127.1)	(1,914.3)	(1,827.6)
Retirement of common stock	(17.7)	(133.3)	(20.4)
Cash dividends, $.0933 per share per year	(32.4)	(26.0)	(22.4)
End of year	($2,415.9)	($2,127.1)	($1,914.3)

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, 1997	1996	1995
OPERATING ACTIVITIES			
Net loss	($238.7)	($53.5)	($43.9)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	7.0	8.9	6.5
Non-cash interest expense, net	106.8	136.2	105.5
Equity in net losses (income) of affiliates	275.2	(15.2)	(2.7)
Extraordinary items	2.8		0.6
Deferred income taxes and other	88.9	68.4	41.1
	242.0	144.8	107.1
Increase in other current assets	(0.2)	(1.5)	(1.2)
(Decrease) increase in accrued interest and other current liabilities	(79.9)	42.8	36.7
Net cash provided by operating activities	161.9	186.1	142.6
FINANCING ACTIVITIES			
Proceeds from borrowings			800.9
Retirement and repayment of debt	(59.5)		(300.9)
Issuance of preferred stock	500.0		
Issuances (repurchases) of common stock, net	470.2	(175.9)	(7.1)
Dividends	(34.0)	(26.8)	(22.4)
Other	12.7	43.0	52.5
Net cash provided by (used in) financing activities	889.4	(159.7)	523.0
INVESTING ACTIVITIES			
Net transactions with affiliates	(1,026.4)	9.5	(641.7)
Capital expenditures	(18.6)	(20.8)	(11.9)
Other	(3.2)	(13.0)	(15.7)
Net cash used in investing activities	(1,048.2)	(24.3)	(669.3)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3.1	2.1	(3.7)
CASH AND CASH EQUIVALENTS, beginning of year	9.7	7.6	11.3
CASH AND CASH EQUIVALENTS, end of year	$12.8	$9.7	$7.6

COMCAST CORPORATION AND SUBSIDIARIES

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

YEARS ENDED DECEMBER 31, 1997, 1996 AND 1995

(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					
1997....................................	$97.1	$	$65.4	$47.5	$115.0
1996....................................	81.3		65.1	49.3	97.1
1995....................................	11.3	57.8	51.4	39.2	81.3
Allowance for Obsolete Electronic Retailing Inventories					
1997....................................	$34.7	$	$37.0	$27.2	$44.5
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.

COMCAST CORPORATION

1996 DEFERRED COMPENSATION PLAN

(As Amended and Restated, Effective January 9, 1998)

TABLE OF CONTENTS

COMCAST CORPORATION
1996 DEFERRED COMPENSATION PLAN

(As Amended and Restated, Effective January 9, 1998)

1. ESTABLISHMENT OF PLAN

COMCAST CORPORATION, a Pennsylvania corporation, hereby amends and restates the Comcast Corporation 1996 Deferred Compensation Plan (the "Plan"), effective as of January 9, 1998. The Plan was adopted effective as of August 15, 1996, to permit outside directors and eligible employees to defer the receipt of compensation otherwise payable to such outside directors and eligible employees in accordance with the terms of the Plan. The Plan is a continuation of the Prior Plan, which was initially effective as of February 12, 1974. The Plan is unfunded and is maintained primarily for the purpose of providing deferred compensation to outside directors and to a select group of management or highly compensated employees.

2. DEFINITIONS

2.1 "Account" means the bookkeeping accounts established pursuant to Section 5.1 and maintained by the Administrator in the names of the respective Participants, to which all amounts deferred and earnings allocated under the Plan shall be credited, and from which all amounts distributed under the Plan shall be debited.

2.2 "Active Participant" means:

2.2.1 Each Participant who is in active service as an Outside Director; and

2.2.2 Each Participant who is actively employed by a Participating Company as an Eligible Employee.

2.3 "Administrator" means the Committee.

2.4 "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.

2.5 "Annual Rate of Pay" means, as of any date, an employee's annualized base pay rate. An employee's Annual Rate of Pay shall not include sales commissions or other similar payments or awards.

2.6 "Applicable Interest Rate" means:

2.6.1 Except as otherwise provided in Section 2.6.2, the Applicable Interest Rate means 12% per annum, compounded annually as of the last day of the Plan Year.

2.6.2 Except to the extent otherwise required by Section 9.2, effective for the period extending from a Participant's employment termination date to the date the Participant's Account is distributed in full, the Administrator, in its sole discretion, may designate the term "Applicable Interest Rate" for such Participant's Account to mean the lesser of (1) the rate in effect under Section 2.6.1 or (2) the Prime Rate plus one percent, compounded annually as of the last day of the Plan Year.

2.7 "Board" means the Board of Directors of the Company, or the Executive Committee of the Board of Directors of the Company.

2.8 "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.

2.9 "Committee" means the Subcommittee on Performance Based Compensation of the Compensation Committee of the Board of Directors of the Company.

2.10 "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.

2.11 "Company Stock" means Comcast Corporation Class A Special Common Stock, par value, $1.00, including a fractional share, or such other securities issued by Comcast Corporation as may be the subject to adjustment in the event that shares of Company Stock are changed into or exchanged for a different number or kind of shares of stock or other securities of the Company, whether through merger, consolidation, reorganization, recapitalization, stock dividend, stock split-up or other substitution of securities of the Company. In such event, the Committee shall make appropriate equitable anti-dilution adjustments to the number and class of hypothetical shares of Company Stock credited to Participants' Accounts under the Company Stock Fund. Any reference to the term "Company Stock" in the Plan shall be a reference to the appropriate number and class of shares of stock as adjusted pursuant to this Section 2.12. The Committee's adjustment shall be effective and binding for all purposes of the Plan.

2.12 "Company Stock Fund" means a hypothetical investment fund pursuant to which income, gains and losses are credited to a Participant's Account as if the Account, to the extent deemed invested in the Company Stock Fund, were invested in hypothetical shares of Company Stock, and all dividends and other distributions paid with respect to Company Stock were held uninvested in cash, and reinvested in additional hypothetical shares of Company Stock as of the next succeeding December 31 (to the extent the Account continues to be deemed invested in the Company Stock Fund through such December 31), based on the Fair Market Value for such December 31.

2.13 "Compensation" means:

2.13.1 In the case of an Outside Director, the total cash remuneration for services as a member of the Board and as a member of any Committee of the Board; and

2.13.2 In the case of an Eligible Employee, the total cash remuneration for services payable by a Participating Company, excluding sales commissions or other similar payments or awards.

2.14 "Deceased Participant" means:

2.14.1 A Participant whose employment, or, in the case of a Participant who was an Outside Director, a Participant whose service as an Outside Director, is terminated by death; or

2.14.2 An Inactive Participant who dies following termination of active service.

2.15 "Disabled Participant" means:

2.15.1 A Participant whose employment or, in the case of a Participant who is an Outside Director, a Participant whose service as an Outside Director, is terminated by reason of disability;

2.15.2 An Inactive Participant who becomes disabled (as determined by the Committee) following termination of active service; or

2.15.3 The duly-appointed legal guardian of an individual described in Section 2.15.1 or 2.15.2 acting on behalf of such individual.

2.16 "Election" means a written election on a form provided by the Administrator, filed with the Administrator in accordance with Article 3, pursuant to which an Outside Director or an Eligible Employee may:

2.16.1 Elect to defer all or any portion of the Compensation payable for the performance of services as an Outside Director or as an Eligible Employee following the time that such election is filed;

2.16.2 Designate the time that part or all of the Account shall be distributed; and

2.16.3 Designate the manner in which income, gains and losses will be credited to the Account.

2.17 "Eligible Employee" means:

2.17.1 Each employee of a Participating Company who, as of December 31, 1989, was eligible to participate in the Prior Plan;

2.17.2 Each employee of a Participating Company who was, at any time before January 1, 1995, eligible to participate in the Prior Plan and whose Annual Rate of Pay is $90,000 or more as of both (1) the date on which an Election with respect to the deferral of Compensation is filed with the Administrator and (2) the first day of each calendar year beginning after December 31, 1994.

2.17.3 Each employee of a Participating Company whose Annual Rate of Pay is $125,000 or more as of both (1) the date on which an Election is filed with the Administrator and (2) the first day of the Plan Year in which such Election is filed.

2.17.4 Each New Key Employee.

2.17.5 Each other employee of a Participating Company who is designated by the Committee, in its discretion, as an Eligible Employee.

2.18 "Fair Market Value."

2.18.1 If shares of Company Stock 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

2.18.2 If shares of Company Stock 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.

2.18.3 If shares of Company Stock are not so listed nor trades of Shares so reported, Fair Market value shall be determined by the Committee in good faith.

2.19 "Former Eligible Employee" means an employee of a Participating Company who, as of any relevant date, does not satisfy the requirements of an "Eligible Employee" but who previously met such requirements under the Plan or the Prior Plan.

2.20 "Grandfathered Participant" means an Inactive Participant who, on or before December 31, 1991, entered into a written agreement with the Company to terminate service to the Company or gives written notice of intention to terminate service to the Company, regardless of the actual date of termination of service.

2.21 "Hardship" means a Participant's serious financial hardship, as determined by the Board on a uniform and nondiscriminatory basis pursuant to the Participant's request under Section 7.3.

2.22 "Inactive Participant" means each Participant who is not in active service as an Outside Director and is not actively employed by a Participating Company.

2.23 "Income Fund" means a hypothetical investment fund pursuant to which income, gains and losses are credited to a Participant's Account as if the Account, to the extent deemed invested in the Income Fund, were credited with interest at the Applicable Interest Rate.

2.24 "Insider" means an Eligible Employee or Outside Director who is subject to the short-swing profit recapture rules of section 16(b) of the Securities Exchange Act of 1934, as amended.

2.25 "New Key Employee" means each employee of a Participating Company hired on or after August 15, 1996 whose annual rate of pay on his date of hire is $125,000 or more.

2.26 "Normal Retirement" means:

2.26.1 For a Participant who is an employee of a Participating Company immediately preceding his termination of employment, a termination of employment that is treated by the Participating Company as a retirement under its employment policies and practices as in effect from time to time; and

2.26.2 For a Participant who is an Outside Director immediately preceding his termination of service, his normal retirement from the Board.

2.27 "Outside Director" means a member of the Board who is not an employee of a Participating Company.

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

2.29 "Participant" means each individual who has made an Election, and who has an undistributed amount credited to an Account under the Plan, including an Active Participant, a Deceased Participant, a Disabled Participant, a Grandfathered Participant and an Inactive Participant.

means: 2.30 "Participating Company"

2.30.1 the Company;

2.30.2 Comcast Cable Communications, Inc. and its subsidiaries;

2.30.3 Comcast Cellular Communications, Inc. and its subsidiaries;

2.30.4 Comcast International Holdings, Inc.;

2.30.5 Comcast UK Cable Partners Consulting, Inc.;

2.30.6 Comcast Online Communications, Inc.;

2.30.7 Comcast Satellite Communications, Inc.;

2.30.8 Comcast Telephony Communications, Inc. and its subsidiaries; and

2.30.9 any other entities identified in the discretion of the Subcommittee.

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

2.32 "Plan" means the Comcast Corporation 1996 Deferred Compensation Plan, as set forth herein, and as may be amended from time to time.

2.33 "Plan Year" means the calendar year.

2.34 "Prime Rate" means the annual rate of interest identified by PNC Bank as its prime rate as of a Participant's employment termination date and as of the first day of each calendar year beginning thereafter.

2.35 "Prior Plan" means the Comcast Corporation Deferred Compensation Plan.

2.36 "Retired Participant" means a Participant who has terminated service pursuant to a Normal Retirement.

2.37 "Roberts Family." Each of the following is a member of the Roberts Family:

2.37.1 Ralph J. Roberts;

2.37.2 A lineal descendant of Ralph J. Roberts; or

2.37.3 A trust established for the benefit of any of Ralph J. Roberts and/or a lineal descendant or descendants of Ralph J. Roberts.

2.38 "Severance Pay" means any amount identified by a Participating Company as severance pay, or any amount which is payable on account of periods beginning after the last date on which an employee (or former employee) is required to report for work for a Participating Company.

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

2.40 "Terminating Event" means any of the following events:

2.40.1 The liquidation of the Company; or

2.40.2 A Change of Control.

2.41 "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. ELECTION TO DEFER COMPENSATION

3.1 Elections. Each Outside Director and Eligible Employee shall have the right to defer all or any portion of the Compensation (including bonuses, if any) which he or she shall receive in the following Plan Year by filing an Election at the time and in the manner described in this Article 3; provided that Severance Pay shall be included as "Compensation" for purposes of this Section 3.1 only to the extent permitted by the Administrator in its sole discretion. The amount of Compensation deferred by a Participant for a Plan Year pursuant to an Election shall be withheld on a pro-rata basis from each periodic installment payment of the Participant's Compensation for the Plan Year (in accordance with the general pay practices of the Participating Companies), and credited to the Participant's Account in accordance with Section 5.1. Except to the extent permitted by the Administrator in its sole discretion, no Election filed by a Former Eligible Employee shall be valid or effective.

3.2 Filing of Elections. An Election to defer all or any portion of the Compensation payable for the performance of services as an Outside Director or as an Eligible Employee shall be made on the form provided by the Administrator for this purpose. Except as provided in Section 3.3, no such Election shall be effective unless it is filed with the Administrator on or before the close of business on December 31 of the Plan Year preceding the Plan Year to which the Election applies.

3.3 Filing of Elections by New Key Employees. Notwithstanding Section 3.1 and Section 3.2, a New Key Employee may elect to defer all or any portion of his or her compensation to be earned in the Plan Year in which the New Key Employee was hired, beginning with the payroll period next following the filing of an Election with the Administrator and before the close of such Plan Year by making and filing the Election with the Administrator within 30 days of such New Key Employee's date of hire. Elections by such New Key Employee for succeeding Plan Years shall be made in accordance with Section 3.1 and Section 3.2.

3.4 Plan Years to which Elections May Apply. A separate Election may be made for each Plan Year as to which an Outside Director or Eligible Employee desires to defer all or any portion of his or her Compensation, but the failure of an Outside Director or Eligible Employee to make an Election for any Plan Year shall not affect such Employee's right to make an Election for any other Plan Year.

3.5 Election of Distribution Date. Each Participant who elects to defer all or any portion of his or her Compensation for any Plan Year shall, on the Election, also elect the time of payment and form of distribution of the amount of the deferred Compensation to which the particular Election relates; provided, however, that, subject to acceleration pursuant to Section 3.6.3, Section 3.6.4, Section 7.1, Section 7.2 or Section 7.3, no distribution may commence earlier than January 2nd of the second calendar year beginning after the date the Election is filed with the Administrator, nor later than January 2nd of the eleventh calendar year beginning after the date the Election is filed with the Administrator. Each Participant may select a form of distribution in accordance with Article 4.

3.6 Designation of Payment Date.

3.6.1 The designation of the time for distribution of benefits to begin under the Plan may vary with each separate Election, provided that except as otherwise provided in Section 3.6.3 or 3.6.4, no portion of a Participant's Account subject to distribution in installments pursuant to Section 4.1.2 or Section 4.1.3 may be deferred to a later date after such distribution has begun.

3.6.2 Each Active Participant who has previously elected to receive a distribution of part or all of his or her Account, or who, pursuant to this Section 3.6.2, has elected to defer payment for an additional period from the originally-elected payment date, may elect to change the form of distribution or defer the time of payment of such amount to begin for a minimum of one and a maximum of ten additional years from the previously-elected payment date, by filing an Election with the Administrator on or before the close of business on June 30 of the Plan Year preceding the Plan Year in which the distribution would otherwise be made, provided that an Election applicable to the 1997 Plan Year shall not be effective unless it is filed with the Administrator on or before the close of business on October 15, 1996.

3.6.3 A Deceased Participant's estate or beneficiary to whom the right to payment under the Plan shall have passed may elect to change the form of distribution from the form of distribution that payment of the Deceased Participant's Account would otherwise be made, and

3.6.3.1 Defer the time of payment of the Deceased Participant's Account to begin for a minimum of one additional year from the date payment would otherwise begin (provided that if an Election is made pursuant to this Section 3.6.3.1, the Deceased Participant's Account shall be distributed in full on or before the fifth anniversary of the Deceased Participant's death); or

3.6.3.2 Accelerate the time of payment of such amount to begin from the date payment would otherwise be made to January 2nd of the calendar year beginning after the Deceased Participant's death.

An Election pursuant to this Section 3.6.3 must be filed with the Administrator on or before the close of business on (i) the June 30 following the Participant's death on or before May 1 of a calendar year, (ii) the 60th day following the Participant's death after May 1 and before November 2 of a calendar year or (iii) the December 31 following the Participant's death after November 1 of a calendar year. Such estate or beneficiary, as applicable, shall be entitled to one and only one Election pursuant to this Section 3.6.3 with respect to a Participant's Account, but shall otherwise be treated as the Participant for all other purposes of the Plan.

3.6.4 A Disabled Participant may elect to:

3.6.4.1 Change the form of distribution from the form of distribution that payment of the Disabled Participant's Account would otherwise be made; and

3.6.4.2 Accelerate the time of payment of the Disabled Participant's Account to begin from the date payment would otherwise be made to January 2nd of the calendar year beginning after the Participant became disabled.

An Election pursuant to this Section 3.6.4 must be filed with the Administrator on or before the close of business on the later of (i) the June 30 following the date the Participant becomes a Disabled Participant if the Participant becomes a Disabled Participant on or before May 1 of a calendar year, (ii) the 60th day following the date the Participant becomes a Disabled Participant if the Participant becomes a Disabled Participant after May 1 and before November 2 of a calendar year or (iii) the December 31 following the date the Participant becomes a Disabled Participant if the Participant becomes a Disabled Participant after November 1 of a calendar year.

3.6.5 A Retired Participant may elect to:

3.6.5.1 Change the form of distribution from the form of distribution that payment of the Retired Participant's Account would otherwise be made, and

3.6.5.2 Defer the time of payment of the Retired Participant's Account to begin for a minimum of one additional year from the date payment would otherwise begin (provided that if an Election is made pursuant to this Section 3.6.5.2, the Retired Participant's Account shall be distributed in full on or before the fifth anniversary of the Retired Participant's Normal Retirement).

An Election pursuant to this Section 3.6.5 must be filed with the Administrator on or before the close of business on the later of (i) the June 30 following the Participant's Normal Retirement on or before May 1 of a calendar year, (ii) the 60th day following the Participant's Normal Retirement after May 1 and before November 2 of a calendar year or (iii) the December 31 following a Participant's Normal Retirement after November 1 of a calendar year.

3.6.6 Except as provided in Section 3.6.4, Section 3.6.5 or Section 3.6.7, or if permitted by the Administrator in its sole discretion pursuant to this Section 3.6.6, no Inactive Participant who has previously elected to receive a distribution of part or all of his her Account, or who, pursuant to this Section 3.6.6, has elected to defer payment for an additional period from the originally elected payment date, may elect to defer the payment of such amount to any subsequent date. An Inactive Participant, if permitted by the Administrator in its sole discretion, may elect to defer the payment of such amount for a minimum of one and a maximum of ten additional years from the previously-elected payment date, but not later than the date permitted by the Administrator, by filing an Election with the Administrator on or before the close of business on June 30 of the Plan Year preceding the Plan Year in which the distribution would otherwise be made.

3.6.7 Except as provided in Section 3.6.4 or Section 3.6.6, no Grandfathered Participant who has previously elected to receive a distribution of part or all of his or her Account, or who, pursuant to this Section 3.6, has elected to defer payment for an additional period from the originally-elected payment date, may elect to defer the payment of such amount to any subsequent date.

3.6.8 Subject to acceleration pursuant to Section 3.6.3, Section 3.6.4, Section 7.1, Section 7.2 or Section 7.3, no distribution of the amounts deferred by a Participant for any Plan Year shall be made before the payment date designated by the Participant on the most recently filed Election with respect to such deferred amounts. Distribution of the amounts deferred for any Plan Year by a Participant (other than a Grandfathered Participant and an Inactive Participant who makes an Election under Section 3.6.5) who ceases to be an Active Participant shall be made on the payment date designated by the Participant on the last Election filed with respect to such deferred amounts before the Participant ceased to be an Active Participant.

3.7 Distribution in Full Upon Terminating Event. The Company 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 notwithstanding any other provision of the Plan or the terms of any Election, upon the consummation of a Terminating Event, the Account balance of each Participant shall be distributed in full.

4. FORMS OF DISTRIBUTION

4.1 Forms of Distribution. Amounts credited to an Account shall be distributed, pursuant to an Election, from among the following forms of distribution:

4.1.1 A lump sum payment.

4.1.2 Substantially equal annual installments over a five (5), ten (10) or fifteen (15) year period.

4.1.3 Substantially equal monthly installments over a period not exceeding fifteen (15) years.

Notwithstanding any Election to the contrary, distributions pursuant to Elections made after December 10, 1996 shall be made in the form of a lump sum payment unless the portion of a Participant's Account subject to distribution pursuant to Section 4.1.2 or Section 4.1.3, as of both the date of the Election and the benefit commencement date, is more than $10,000.

4.2 Valuation of Account For Purposes of Distribution. The amount of any distribution made pursuant to Section 4.1 shall be based on the value of the Participant's Account on the date of distribution and the applicable distribution period. For this purpose, the value of a Participant's Account shall be calculated by crediting income, gains and losses under the Company Stock Fund and the Income Fund, as applicable, through the date immediately preceding the date of distribution.

5. BOOK ACCOUNTS

5.1 Deferred Compensation Account. A deferred Compensation Account shall be established for each Outside Director and Eligible Employee when such Outside Director or Eligible Employee becomes a Participant. The balance of each Participant's Account as of January 1, 1997 shall include the balance of such Participant's account under the Prior Plan as of December 31, 1996. Compensation deferred pursuant to the Plan shall be credited to the Account on the date such Compensation would otherwise have been payable to the Participant. Income, gains and losses on the balance of the Account shall be credited to the Account as provided in Section 5.2.

5.2 Crediting of Income, Gains and Losses on Accounts.

5.2.1 In General. Except as otherwise provided in this Section 5.2, the Administrator shall credit income, gains and losses with respect to each Participant's Account as if it were invested in the Income Fund.

5.2.2 Investment Fund Elections. Effective January 1, 1997:

5.2.2.1 Each Participant, other than a Participant who is an Insider, may elect to have all or any portion of his Account (to the extent credited through the December 31 preceding the effective date of such Election) credited with income, gains and losses as if it were invested in the Company Stock Fund or the Income Fund.

5.2.2.2 An investment fund Election shall continue in effect until revoked or superseded, provided that notwithstanding any investment fund Election to the contrary, as of the valuation date (as determined under Section 4.2) for the distribution of all or any portion of a Participant's Account that is subject to distribution in the form of installments described in Section 4.1.2 or 4.1.2, such Account, or portion thereof, shall be deemed invested in the Income Fund (and transferred from the Company Stock Fund to the Income Fund, to the extent necessary) until such Account, or portion thereof, is distributed in full.

5.2.2.3 In the absence of an effective Election, the Participant shall be deemed to have elected to have the Account credited with income, gains and losses as if it were invested in the Income Fund.

5.2.2.4 Investment fund Elections under this Section 5.2.2 shall be effective as of the first day of each Plan Year beginning on and after January 1, 1997, provided that the election is filed with the Committee on or before the close of business on December 31 of the Plan Year preceding such Plan Year. A Participant may only make an investment fund Election with respect to the Participant's accumulated Account as of December 31, and not with respect to Compensation to be deferred for a Plan Year.

5.2.2.5 If a Participant who was not an Insider becomes an Insider, then, notwithstanding the foregoing, such Participant may elect to transfer the portion of his Account, if any, deemed invested in the Company Stock Fund to be deemed invested in the Income Fund, effective as of the first day of any calendar month beginning after such Participant becomes an Insider.

5.2.3 Timing of Credits. Compensation deferred pursuant to the Plan shall be deemed invested in the Income Fund on the date such Compensation would otherwise have been payable to the Participant. Accumulated Account balances subject to an investment fund Election under Section 5.2.2 shall be deemed invested in the applicable investment fund as of the effective date of such Election. The value of amounts deemed invested in the Company Stock Fund shall be based on hypothetical purchases and sales of Company Stock at Fair Market Value as of the effective date of an investment Election.

5.3 Status of Deferred Amounts. Regardless of whether or not the Company is a Participant's employer, all Compensation deferred under this Plan shall continue for all purposes to be a part of the general funds of the Company.

5.4 Participants' Status as General Creditors. Regardless of whether or not the Company is a Participant's employer, an Account shall at all times represent the general obligation of the Company. The Participant 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 his or her Accounts. Nothing contained herein shall be deemed to create an escrow, trust, custodial account or fiduciary relationship of any kind. Nothing contained herein shall be construed to eliminate any priority or preferred position of a Participant in a bankruptcy matter with respect to claims for wages.

6. NON-ASSIGNABILITY, ETC.

The right of each Participant in or to any account, benefit or payment hereunder shall not be subject in any manner to attachment or other legal process for the debts of such Participant; and no Account, benefit or payment shall be subject to anticipation, alienation, sale, transfer, assignment or encumbrance.

7. DEATH OR DISABILITY OF PARTICIPANT

7.1 Death of Participant. A Deceased Participant's Account shall be distributed in accordance with the last Election made by the Deceased Participant before the Deceased Participant's death, unless the Deceased Participant's estate or beneficiary to whom the right to payment under the Plan shall have passed timely elects to accelerate or defer the time or change the form of payment pursuant to Section 3.6.3.

7.2 Disability of Participant. A Disabled Participant's Account shall be distributed in accordance with the last Election made by the Disabled Participant before the Disabled Participant's termination of service or date of disability, as applicable, unless the Disabled Participant timely elects to accelerate the time or change the form of payment pursuant to Section 3.6.4.

7.3 Hardship Distributions. Notwithstanding the terms of an Election, if, at the Participant's request, the Board determines that the Participant has incurred a Hardship, the Board may, in its discretion, authorize the immediate distribution of all or any portion of the Participant's Account.

7.4 Designation of Beneficiaries. Each Participant shall have the right to designate one or more beneficiaries to receive distributions in the event of the Participant's death by filing with the Administrator a beneficiary designation on the form provided by the Administrator for such purpose. The designation of beneficiary or beneficiaries may be changed by a Participant at any time prior to his or her death by the delivery to the Administrator of a new beneficiary designation form. If no beneficiary shall have been designated, or if no designated beneficiary shall survive the Participant, the Participant's estate shall be deemed to be the beneficiary.

8. INTERPRETATION

8.1 Authority of Committee. The Committee shall have full and exclusive authority to construe, interpret and administer this Plan and the Committee's construction and interpretation thereof shall be binding and conclusive on all persons for all purposes.

8.2 Claims Procedure. The Committee shall administer a reasonable claims procedure with respect to the Plan in accordance with Department of Labor Regulation section 2560.503-1, or any successor provision.

9. AMENDMENT OR TERMINATION

9.1 Amendment or Termination. Except as otherwise provided by Section 9.2, the Company, by action of the Board or by action of the Committee, reserves the right at any time, or from time to time, to amend or modify this Plan. The Company, by action of the Board, reserves the right at any time, or from time to time terminate this Plan.

9.2 Amendment of Rate of Credited Earnings. No amendment shall change the Applicable Interest Rate with respect to the portion of a Participant's Account that is attributable to an Election made with respect to Compensation earned in a Plan Year and filed with the Administrator before the date of adoption of such amendment by the Board. For purposes of this Section 9.2, an Election to defer the payment of part or all of an Account for an additional period after a previously-elected payment date (as described in Section 3.6) shall be treated as a separate Election from any previous Election with respect to such Account.

10. MISCELLANEOUS PROVISIONS

10.1 No Right to Continued Employment. Nothing contained herein shall be construed as conferring upon any Participant the right to remain in service as an Outside Director or in the employment of a Participating Company as an executive or in any other capacity.

10.2 Governing Law. This Plan shall be interpreted under the laws of the Commonwealth of Pennsylvania.

11. EFFECTIVE DATE

The effective date of the Plan this amendment and restatement of the Plan shall be January 9, 1998.

IN WITNESS WHEREOF, COMCAST CORPORATION has caused this Plan to be executed by its officers thereunto duly authorized, and its corporate seal to be affixed hereto, as of the 9th day of January 1998.

COMCAST CORPORATION

BY: /s/ Stanley Wang

ATTEST: /s/ Arthur S. Block

COMPENSATION AND DEFERRED COMPENSATION AGREEMENT

THIS AGREEMENT is made as of the 16th day of December, 1997, by and between COMCAST CORPORATION, a Pennsylvania corporation (the "Company," as further defined in Section 12), and RALPH J. ROBERTS ("Roberts").

R E C I T A L S

WHEREAS, Roberts has been employed by the Company since he founded the Company in 1969 and is currently Chairman of the Board of Directors; and

WHEREAS, Roberts and the Company entered into a Compensation and Deferred Compensation Agreement and Stock Appreciation Bonus Plan, as of September 9, 1993, as amended and restated March 16, 1994 (the "1993 Agreement"), which was approved by the Company's shareholders on June 22, 1994; and

WHEREAS, certain employment and compensation terms of the 1993 Agreement expire on December 31, 1997; and

WHEREAS, the Company's Board of Directors (the "Board") as well as the Board's Compensation Committee (the "Compensation Committee") and its Subcommittee on Performance-Based Compensation (the "Subcommittee") recognize that Roberts' contribution to the growth and success of the Company has continued to be substantial throughout the term of the 1993 Agreement and that without his continued leadership and vision the Company would not have achieved and maintained its current preeminent status in the cable television and cellular communications industries nor would the Company have achieved its performance levels or

successfully consummated the many strategic transactions that have closed during the term of the 1993 Agreement;

WHEREAS, the Board desires to assure the Company of Roberts' continued employment in an executive or consultative capacity and to compensate him therefore; and

WHEREAS, the Company's shareholders approved a 1996 Executive Cash Bonus Plan on June 18, 1997 (the "Cash Bonus Plan"); and

WHEREAS, the Board has established the Subcommittee as a subcommittee of its Compensation Committee comprised of two outside directors and which has the responsibility for establishing the criteria for the payment of performance-based compensation to Roberts and the Company's other senior executive officers; and

WHEREAS, Roberts is currently a participant in the Company's 1992 Executive Split-Dollar Insurance Plan (the "1992 Split-Dollar Plan") and its 1994 Executive Split-Dollar Insurance Plan (together, the "1992 and 1994 Split-Dollar Plans"), each of which provides a death benefit to the Roberts family following the death of the last survivor of Roberts and his spouse and a repayment of all amounts advanced by the Company on behalf of Roberts and his spouse for the purpose of assisting Roberts to maintain in force the life insurance policies issued thereunder; and

WHEREAS, in accordance with the 1993 Agreement, the Company has increased the life insurance protection provided for the Roberts family pursuant to the 1992 Split-Dollar Plan; and

WHEREAS, in the 1993 Agreement the Company also agreed to extend its premium payment obligations under the 1992 Split-Dollar Plan until the death of the survivor of Roberts and his spouse and to pay an additional annual bonus until the death of their survivor in an amount that takes into account the owner's share of the applicable insurance premiums and the income and gift taxes attributable thereto; and

WHEREAS, Roberts and the Company have entered into a 1996 Split-Dollar Life Insurance Agreement (the "1996 Split-Dollar Agreement"), which provides a death benefit to the Roberts family following Roberts' death and a repayment of all amounts advanced by the Company on behalf of Roberts for the purpose of assisting Roberts to maintain in force the life insurance policies issued thereunder; and

WHEREAS, Roberts, in preference to other forms of compensation and incentive compensation, wishes to provide additional life insurance protection for his family following the death of the last survivor of Roberts and his spouse and the Committee has determined that it would be in the Company's best interests to provide such additional protection; and

WHEREAS, in order to provide this additional insurance protection Roberts and the Compensation Committee, upon receiving the advice of management compensation consulting firms, have agreed that the Company will increase the insurance protection for the Roberts family under a split-dollar arrangement pursuant to which it will (a) continue its current practice of providing an additional bonus to Roberts (and his surviving spouse, if any) with respect to the portion of the premiums payable by the owner of the insurance policies and (b) provide that such additional bonus shall also take into account the income and gift taxes payable on such bonus; and

WHEREAS, Roberts and the Company wish to confirm their continuing rights and obligations under all of their existing agreements, including the 1993 Agreement; and

WHEREAS, Roberts is willing to commit himself to serve the Company on the terms herein provided;

NOW THEREFORE, in consideration of the foregoing and of the respective covenants and agreements of the parties herein contained, the parties hereto agree as follows:

1. Continued Service to the Company; Effect of Service Period Termination.

1.1 The Company hereby agrees to retain Roberts and Roberts hereby agrees to continue to serve the Company, on the terms and conditions set forth herein, for a term commencing on the date hereof and expiring on December 31, 2002 (unless Roberts' services are sooner terminated as hereinafter set forth) (the "Service Period").

1.2 Except as specifically provided herein, the termination of Roberts' services under Section 4 shall not affect the parties' continuing rights and obligations under this Agreement. As more specifically provided in Sections 6, 13 and 23.1 hereof, the termination of Roberts' services under Section 4 also shall not affect the Company's continuing obligations under the 1993 Agreement and the other Pre-Existing Agreements (as defined in Section 6).

2. Position and Duties. During the Service Period:

2.1 Roberts shall serve as the Chairman of the Board, or such other officer position as agreed to by Roberts and the Company (unless he chooses to withdraw from such position in connection with his making a Consultant Election described in Section 3.2), and, in such position, he shall have such powers and duties as may from time to time be prescribed by the Board in accordance with Section 4-6 of the Company's By-Laws.

2.2 As long as Roberts retains his executive status, he shall continue to devote substantially all of his working time and effort to the business and affairsI of the Company. It is recognized that Roberts has outside interests, including, but not limited to, serving as a director on the boards of other corporations and that Roberts may devote a reasonable amount of time to such outside interests.

2.3 Roberts may at any time, upon thirty (30) days notice to the Company, elect to change his position from that of an executive to that of consultant to the Company, without any executive duties. Such an election shall be referred to as the "Consultant Election." If Roberts makes the Consultant Election, he shall thereafter devote such time as may be necessary for the performance of those duties which are reasonably requested by the Company.

2.4 In connection with his service as an executive or a consultant to the Company, Roberts shall be based at the Company's principal executive offices in the Delaware Valley.

2.5 The provisions of this Section 2 shall not prevent Roberts from investing his assets in such form and manner as he chooses; provided, however, that Roberts shall not have any personal interest, direct or indirect (other than through the Company or its subsidiaries), financial or otherwise, in any supplier to, buyer from, or competitor of the Company unless such interest is, or arises solely from ownership of, less than two percent (2%) of the outstanding capital stock of such supplier, buyer or competitor and such capital stock is available to the general public through trading on any national, regional or over-the-counter securities market.

3. Compensation and Related Matters.

3.1 Base Payment. For each full year included in the Service Period the Company shall pay Roberts a base payment ("Base Payment") for all services to be rendered each year by Roberts as an executive or a consultant hereunder of One Million Dollars ($1,000,000) per annum (less appropriate deductions), payable in installments at such times as the Company customarily pays its senior executive officers (but in any event no less often than monthly). Effective as of each January 1 (beginning in 1999) or such other date as may be determined by the Compensation Committee, the Compensation Committee shall adjust Roberts' Base Payment in order to reflect the greater of (i) increases subsequent to 1997 in the Consumer Price Index for all urban consumers published by the United States Department of Labor or (ii) the average percentage increase in the base compensation of the five (5) employees of the Company having the highest base compensation (other than Roberts) for the preceding year. Once established at an increased annual rate, Roberts' Base Payment hereunder shall not thereafter be reduced unless such reduction is pursuant to an overall plan to reduce the salaries of all the senior executive officers of the Company.

3.2 Performance-Based Compensation under Cash Bonus Plan. For each full year in the Service Period during which Roberts remains an executive of the Company, he shall be entitled to an annual performance-based cash bonus ("Cash Bonus") of up to 50% of the Base Payment, determined in accordance with, and upon satisfaction of, the performance-based standards contained in the Cash Bonus Plan.

3.3 Expenses. During the Service Period, Roberts shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by him (in accordance with the policies and procedures established from time to time by the Board for its senior executive officers) in performing services hereunder, provided that Roberts properly accounts therefor in accordance with Company policy.

3.4 1997 Split-Dollar Agreement. The Company shall acquire and maintain additional survivorship life insurance protection for the benefit of the Roberts family in accordance with the terms of a separate split-dollar insurance agreement to be executed by the

Company and Roberts (the "1997 Split-Dollar Agreement"), which in all material respects shall be similar to the form of agreement attached hereto as Appendix A. The additional insurance shall provide survivorship life insurance protection to the Roberts family in an amount equal to Twenty Million Dollars ($20,000,000) (based on actuarial assumptions in the applicable policies relating to the expected joint lives of the insureds). This increase shall in no way affect the obligation to repay to the Company all loans which it has advanced and will advance in the future pursuant to the Split- Dollar Arrangements. In the event the additional insurance required hereunder is unavailable, or in the event the terms on which it may be available become too onerous, in the mutual determination of the Company and Roberts, the Company shall satisfy the obligations contained in this Section 3.4 by providing cash benefits or other valuable consideration, acceptable in amount and form to Roberts.

3.5 Other Benefits. Except as otherwise specifically provided herein, Roberts shall continue to be eligible to participate in all employee benefit plans and arrangements in effect on the date of this Agreement and shall continue to obtain benefits thereunder, including, without limitation, each plan or program for key executives, each bonus plan, savings and profit sharing plan, supplemental pension and retirement plan, stock ownership plan, stock purchase plan, stock option plan, life insurance plan, medical insurance plan, disability plan, dental plan and health- and-accident plan. Except as otherwise provided herein or as required by law, the Company shall not make any changes in any such employee benefit plans or arrangements which would adversely affect Roberts' rights or benefits thereunder, unless such change occurs pursuant to a program applicable to all executives of the Company and does not result in a proportionately greater reduction in the rights of or benefits to Roberts as compared with any executive of the Company.

Roberts shall be entitled to participate in or receive benefits under any employee benefit plan or arrangement made available by the Company in the future to its most senior executives and key management employees, subject to and on a basis consistent with the terms, conditions and overall administration of such plan or arrangement. No amount paid to Roberts under any plan or arrangement presently in effect or made available in the future shall be deemed to be in lieu of the annual Base Payment payable to Roberts pursuant to Section 3.1. In the event any benefit provided for in this Section 3.5 is not able to be granted to Roberts because he has become a consultant to the Company, the Company will provide Roberts with benefits having comparable benefits and value on an after-tax basis.

3.6 Vacations. Roberts shall be entitled to not fewer than the same number of paid vacation days in each calendar year as he is currently entitled. Roberts shall also be entitled to all paid holidays given by the Company to its senior executive officers.

3.7 Perquisites. So long as he serves as Chairman of the Board or other officer position, Roberts shall be entitled to continue to receive the perquisites and fringe benefits appertaining to the office of the Chairman of the Board in accordance with the Company's present practice.

3.8 Deferred Compensation. As long as Roberts and the Company so agree in writing prior to December 31 of any calendar year (or such earlier date as may be required by the Company's 1996 Deferred Compensation Plan), and to the extent so agreed, the payment of all or any portion of the compensation payable to Roberts in the next following calendar year (including, without limitation, (i) any tax grossed-up bonus payable to Roberts to cover taxes attributable to appreciation in Roberts' nonqualified stock options under the 1993 Agreement, (ii) any tax grossed-up bonus payable to Roberts to cover the owner's share of the any life insurance premiums subject to the Split-Dollar Arrangements (as defined in Section 3.10(i)), and (iii) any compensation payable in such year by reason of having been deferred from a prior year pursuant to an election made prior to June 30 of the year prior to the year of distribution in accordance with Section 3.6.2 of the 1996 Deferred Compensation Plan) shall be deferred to a subsequent calendar year selected by Roberts and agreed to by the Company. Once a deferral has been agreed to pursuant to this Section 3.8, the deferred amount shall be subject to the same terms and conditions as apply to deferrals under the Company's 1996 Deferred Compensation Plan, including, without limitation, the crediting of interest.

3.9 Supplemental Executive Retirement Plan. In lieu of the Cash Bonus provided in Section 3.2, if Roberts becomes a consultant to the Company, his employment with the Company will terminate on the day before becoming a consultant for purposes of determining his entitlement to a Normal Retirement Pension under Article III of the Company's Supplemental Executive Retirement Plan adopted by the Company on July 31, 1989 (the "SERP"). Each year thereafter the amount of Roberts' Normal Retirement Pension shall be recalculated by adjusting the amount of his final average compensation to take into account one hundred fifty percent (150%) of the amount he has received from the Company for the year as compensation for performing his duties as a consultant under Section 2 of this Agreement; provided, however, that the benefit payable under the SERP for any calendar year shall not exceed the maximum Cash Bonus that Roberts could have received for that year if he had remained an executive for the entire year. For purposes of the definition of final average compensation in Section 2.8 of the SERP, the date on which Roberts ceases to perform any duties as an executive or a consultant under Section 2 of this Agreement shall be considered his termination of employment date. In the event Roberts dies while a consultant for the Company: (i) his surviving spouse shall be entitled to receive an annual death benefit for her lifetime equal to 100% of the annual pension Roberts was receiving immediately prior to his death; and (ii) for purposes of Sections 7.2 and 7.4 (relating to the payment of benefits to an executive's surviving spouse, Roberts' death shall be treated as having occurred before the commencement of his Normal Retirement Pension (as defined therein) while employed by the Company.

3.10 Funding of Trust.

3.10.1 Prior to the occurrence of a "Change of Control" (as hereinafter defined), the Company shall establish a grantor trust (the "Trust"), the terms of which shall be consistent with the requirements applicable under the Code in order to avoid the constructive receipt of the assets held in the Trust by Roberts or his family. The trust document for the Trust shall be in a form that is satisfactory to both the Company and Roberts, and may, but need not, be in substantially the same form as the model trust agreement published by the Internal Revenue Service in Revenue Procedure 92-64. The trustee of the Trust shall be such person or institution acceptable both to the Company and Roberts. The Company shall contribute such amounts in cash or such assets as it deems appropriate for the purpose of funding the deferred compensation and/or death benefits payable under the terms of this Agreement and such other deferred compensation or insurance plans or arrangements that may be in effect. Upon the occurrence of a Change of Control, the Trust, if not already irrevocable, shall become irrevocable. In addition, upon the occurrence of a Change of Control, the Company shall be required to contribute to the Trust an amount equal to the present value of:

(i) the remaining premiums that the Company is obligated to pay until the death of the survivor of Roberts and his spouse to each insurance company that has issued a policy providing a death benefit to the Roberts family in connection with a split dollar insurance plan or agreement between the Company and Roberts, including but not limited to the 1992 and 1994 Split-Dollar Plans, the applicable provisions of the 1993 Agreement, the 1996 Split-Dollar Agreement, the 1997 Split-Dollar Agreement and this Agreement, including Section 7 hereof (collectively, the "Split-Dollar Arrangements");

(ii) the bonuses and tax grossed-up amounts that the Company is obligated to pay to Roberts or his surviving spouse pursuant to the split dollar insurance plans and agreements between the Company and Roberts, including but not limited to the Split-Dollar Arrangements; and

(iii) all deferred compensation benefits payable to Roberts under the terms of any nonqualified deferred compensation arrangement in which Roberts is a participant, including, but not limited to, the Company's 1996 Deferred Compensation Plan, the SERP and this Agreement, including Sections 3.4 (in the event additional insurance is unavailable), 3.8 and 3.9 hereof (collectively, the "Deferred Compensation Arrangements"); where for this purpose the present value shall be calculated using the actuarial lives provided under standard mortality tables and a discount factor equal to the then current yield to maturity on ten (10) year obligations of the Treasury of the United States.

3.10.2 In addition, the Company shall have the further obligation following a Change of Control to make such additional contributions to the Trust, from time to time (but determined no less than annually), as may become necessary to fully fund the benefits described above, determined in the same manner as the initial funding obligation is determined. The assets contributed to the Trust shall, except to the extent otherwise provided in the trust agreement in the case of the bankruptcy or insolvency of the Company, be used exclusively for the purpose of provide to Roberts the benefits described above until all such benefits have been fully paid, at which time the Trust may be terminated and any remaining assets revert back to the Company. Notwithstanding the foregoing, to the extent benefits are paid by the Company rather than out of assets held in the Trust, the trustee may reimburse the Company out of the Trust such amounts as have been properly paid as benefits to Roberts or to his surviving spouse by the Company, but only to the extent that such reimbursement does not cause the Trust to be less than fully funded, determined in the same manner as the initial funding obligation is determined.

3.10.3 For purposes of this Agreement, a "Change of Control" shall be deemed to have occurred on the date that persons other than Roberts and members of his immediate family (or trusts for their benefit) first acquire more than fifty (50) percent of the voting power over voting shares of the Company.

4. Termination. Roberts' services hereunder may be terminated without any breach of this Agreement only under the following circumstances:

4.1 Death. Roberts' services hereunder shall terminate upon his death.

4.2 Disability. If, as a result of Roberts' incapacity due to physical or mental illness, Roberts shall have been absent from his duties hereunder for 180 consecutive calendar days, and within thirty (30) days after written notice of termination is given (which may occur before or after the end of such 180 day period), shall not have returned to the performance of his duties hereunder on the basis provided for in Sections 1 and 2 hereof, the Company may terminate Roberts' services hereunder.

4.3 Cause. The Company may terminate Roberts' services hereunder for Cause. For purposes of this Agreement, the Company shall have "Cause" to terminate Roberts' services hereunder upon (A) the willful and continued failure by Roberts either to substantially perform his duties hereunder or to comply with the provisions of the Company's Code of Ethics and Business Conduct (other than a failure following a Change of Control, as defined in Section 3.10.3, or a failure resulting from Roberts' incapacity due to physical or mental illness) for a period of sixty (60) days after demand for substantial performance or compliance is delivered by the Company specifically identifying the manner in which the Company believes Roberts has not substantially performed his duties or has not complied; or (B) the willful engaging by Roberts in misconduct which is materially injurious to the Company, monetarily or otherwise, or (C) the willful breach by Roberts either during or after the Service Period of any material provision of this Agreement, including, but not limited to, Sections 9, 10 and 11 hereof. For purposes of this paragraph, no act, or failure to act, on Roberts' part shall be considered "willful" unless done, or omitted to be done, by him not in good faith and without reasonable belief that his action or omission was in the best interest of the Company. Notwithstanding the foregoing, Roberts shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to Roberts a copy of a resolution, duly adopted by the affirmative vote of not less than two-thirds of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice to Roberts and an opportunity for him, together with his counsel, to be heard before the Board), finding that in the good faith opinion of the Board Roberts was guilty of conduct set forth above in clause (A), (B), or (C) of the preceding sentence, and specifying the particulars thereof in detail.

4.4 Notice of Termination. Any termination of Roberts' services by the Company shall be communicated by written Notice of Termination to Roberts. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Roberts' services under the provision so indicated.

4.5 Date of Termination. "Date of Termination" shall mean (i) if Roberts' services are terminated by his death, the date of his death, (ii) if Roberts' services are terminated pursuant to Section 4.2, hereof, thirty (30) days after Notice of Termination is given (provided that Roberts shall not have returned to the performance of his duties on the basis provided for in Section 2 hereof during such thirty (30) day period) or (iii) if Roberts' services are terminated pursuant to Section 4.3 hereof, the date specified in the Notice of Termination; provided that if within thirty (30) days after a Notice of Termination is given the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be the date on which the dispute is finally determined, either by mutual written agreement of the parties, by a binding and final arbitration award or by a final judgment, order or decree of a court of competent jurisdiction (the time of appeal therefrom having expired and no appeal having been perfected).

5. Compensation Upon Termination or During Disability.

5.1 If during the Service Period Roberts' services as an executive or a consultant shall be terminated by reason of his death, the Company shall continue to pay to Roberts' surviving spouse, if any, Roberts' then Base Payment, on a monthly basis for a period of five (5) years, provided that the payments to Roberts' surviving spouse shall cease with the payment due immediately following her death. This death benefit shall be in addition to (x) the Company's obligation to provide to Roberts' spouse during her lifetime all health plan benefits which are available from time to time to the Company's highest paid employee, and (y) any other payments Roberts' spouse, beneficiaries or estate may be entitled to receive pursuant to this Agreement (including, but not limited to, Roberts' Cash Bonus with respect to any period then ended which would have accrued to him on the basis of the Company's performance but which has not yet been paid (the "Accrued Cash Bonus")), as well as under any Deferred Compensation Arrangements, Split-Dollar Arrangements or any other pension or employee benefit plans (collectively these arrangements and plans shall be referred to herein as the "Benefit Plans").

5.2 During any period that Roberts fails to perform his duties hereunder as a result of incapacity due to physical or mental illness, Roberts shall continue to receive his Base Payment until his services are terminated pursuant to Section 4.2 hereof or until the end of the Service Period, whichever occurs first, as well as any other payments he may be entitled to receive pursuant to this Agreement (including, but not limited to, his Accrued Cash Bonus) or any Benefit Plans. After termination pursuant to Section 4.2 hereof, Roberts shall be paid for five (5) years, on a monthly basis, an annual amount equal to his Base Payment at the rate in effect at the time the Notice of Termination is given, as well as any other amounts he may be entitled to receive pursuant to this Agreement or any Benefit Plans. In the event Roberts dies before the end of the five (5) year payment period, his surviving spouse, if any, shall be entitled to receive (i) the remaining payments for the period as a death benefit, provided that these payments shall cease with the payment due immediately following her death; and (ii) all benefits described in the last sentence of Section 5.1 hereof, as if Roberts' services had been terminated by reason of his death.

5.3 If Roberts' services shall be terminated for Cause, the Company shall pay Roberts his Base Payment due through the Date of Termination at the rate in effect at the time the Notice of Termination is given and the Company shall have no further obligation to Roberts under this Agreement, including, but not limited to, the obligation to make the payments provided for in Sections 3 and 7 hereof.

5.4 If, in breach of this Agreement, the Company shall terminate Roberts' services other than pursuant to Section 4.2 or 4.3 hereof (it being understood that a purported termination pursuant to Section 4.2 or 4.3 hereof which is disputed and finally determined not to have been proper shall be a termination by the Company in breach of this Agreement), then,

(i) the Company shall pay Roberts his Base Payment through the Date of Termination at the rate in effect at the time the Notice of Termination is given as well as any other amount, including his Cash Bonus, with respect to any period then ended which would have accrued to Roberts on the basis of the Company's performance but which has not yet been paid to him;

(ii) subsequent to the Date of Termination, the Company shall pay as severance pay to Roberts on a monthly basis (or, in the case of his Cash Bonus, on the basis provided in the Cash Bonus Plan) for the remaining Service Period an annual amount equal to

Roberts' Base Payment at the highest annual rate in effect at any time during the portion of the Service Period immediately preceding the Date of Termination and his Cash Bonus; provided that should Roberts die before the end of the Service Period, Roberts' surviving spouse shall be entitled to the death benefit provided in Section 5.1 hereof, and all benefits described in the last sentence of Section 5.1 hereof, as if Roberts' services had been terminated by reason of his death; and

(iii) the Company shall maintain in full force and effect for the continued benefit of Roberts (and for his surviving spouse, as provided in paragraph (ii) above) for the remaining Service Period all (x) health plan benefits available from time to time to the Company's highest paid employee, and (y) employee benefit plans and programs in which Roberts was entitled to participate immediately prior to the Date of Termination, including, without limitation, the Benefit Plans.

5.5 Roberts shall not be required to mitigate the amount of any payment provided for in this Section 5 by seeking other employment or otherwise, nor shall the amount of any payment provided for in this Section 5 be reduced by any compensation earned by Roberts as a result of employment by another employer after the Date of Termination, or otherwise.

5.6 Notwithstanding anything herein to the contrary, in the event Roberts' services are terminated on or after the occurrence of a Change of Control, as defined in Section 3.10, such termination shall in no circumstances be treated under the terms of this Agreement as a termination for Cause, and Roberts shall be entitled to the same benefits as are payable with respect to a termination of Roberts' services subject to the provisions of Section 5.4.

6. Pre-Existing Agreements. Roberts has entered into certain agreements with the Company providing for the deferral of income and the maintenance of life insurance protection

for the Roberts family, and he is a participant in a supplemental retirement plan and several split- dollar life insurance plans maintained by the Company. Each of these agreements and plans (the "Pre-Existing Agreements") pre-date this Agreement. The parties hereto intend that the Pre-Existing Agreements shall remain in full force and effect and, except as expressly provided in this Agreement, the Company's obligations and liabilities thereunder shall not be affected in any way by the Company and Roberts entering into this Agreement or by the termination of the Service Period.

7. Split-Dollar Arrangements.

7.1 Except as otherwise provided in Section 5.3 (relating to a termination for Cause), the Company shall satisfy during the Service Period and continue to satisfy thereafter its obligations under the Split-Dollar Arrangements for all benefits granted to Roberts to date or hereunder, cumulatively, including, but not limited to, the payment of its share of the annual premium, and it shall also provide for the payment of an annual bonus to Roberts or his spouse, as more fully described in Section 7.2 hereof, until the death of the last survivor of Roberts and his spouse. The form and amount of death benefit and the method of financing the payment of premiums available to Roberts and his family under the 1992 and 1994 Split-Dollar Plans shall be continued by the Company in a substantially similar manner even if the Company terminates the 1992 and 1994 Split-Dollar Plans with respect to its other senior executive officers.

7.2 The annual bonus referred to in Section 7.1 hereof shall be equal to the sum of (x), (y) and (z), where:

(x) equals the portion of each annual premium for the year which must be paid by the owner of the insurance policies subject to any Split-Dollar Arrangements (the "Insurance Policies");

(y) equals (i) the product of the portion of each annual premium which must be paid by the owner of the Insurance Policies and the highest marginal income tax rate, (ii) divided by one minus the highest marginal income tax rate; provided that for this purpose the term "highest marginal income tax rate" means the sum of the highest marginal combined local, state and federal personal income tax rates (including any state unemployment compensation tax rate, any surtax rate as well as the Medicare hospital insurance tax rate imposed on employees under the Federal Insurance Contributions Act), as in effect for the calendar year as to which the bonus relates, where in determining such tax rate the highest marginal state and local income tax rates shall be reduced by such number of percentage points as will give effect to the tax benefit obtained by Roberts (or his surviving spouse, if applicable) in connection with the deduction of state and local income taxes for federal income tax purposes; and

(z) equals (i) the product of the highest marginal gift tax rate and each annual premium which must be paid by the owner of the Insurance Policies, (ii) divided by one minus the highest marginal gift tax rate; provided that for this purpose the term "highest marginal gift tax rate" shall mean the highest tax rate (including any surtax) imposed under Section 2001(c) of the Internal Revenue Code of 1986, as amended, (or any successor provision) as applied to gifts made in the calendar year in which such premium is paid.

8. Confidential Information. The Company (as hereinafter specially defined for purposes of Sections 8, 9, 10 and 11 hereof), pursuant to Roberts' employment hereunder, provides

him access to and confides in him business methods and systems, techniques and methods of operation developed at great expense by the Company ("Trade Secrets") and which Roberts recognizes to be unique assets of the Company's business. Roberts shall not, during or at any time after the Service Period, directly or indirectly, in any manner utilize or disclose to any person, firm, corporation, association or other entity, except (i) where required by law, (ii) to directors, consultants or employees of the Company in the ordinary course of his duties or (iii) during his employment and in the ordinary course of his services as Chairman of the Board for such use and disclosure as he shall reasonably determine to be in the best interest of the Company: (a) any such Trade Secrets, (b) any sales prospects, customer lists, products, research or data of any kind, or (c) any information relating to strategic plans, sales, costs, profits or the financial condition of the Company or any of its customers or prospective customers, which are not generally known to the public or recognized as standard practice in the industry in which the Company shall be engaged. Roberts further covenants and agrees that he will promptly deliver to the Company all tangible evidence of the knowledge and information described in (a), (b) and (c), above, prior to or at the termination of Roberts' employment.

9. Prohibited Public Statements and Promotion of Goodwill.

9.1 Roberts shall not, either during or at any time after the termination of his employment, make any public statement (including a private statement reasonably likely to be repeated publicly) reflecting adversely on the Company and its business prospects, except for such statements which during Roberts' employment he may be required to make in the ordinary course of his service as Chairman of the Board.

9.2 For a period of five (5) years following the Service Period or following any termination of Roberts' service hereunder Roberts agrees, that while he is alive and not disabled, he will perform such reasonable ceremonial functions as the Company may request, and will promote the interests and goodwill of the Company in such manner as the Company may reasonably request. Roberts shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by him in performing such functions or duties provided that Roberts properly accounts for such expenses.

10. Noncompetition, Noninterference and Nonsolicitation.

10.1 Subject to the geographic limitation of Section 10.2 hereof, Roberts during the Service Period and for a period of five (5) years following termination of his service in accordance with this Agreement shall not, directly or indirectly, on his behalf or on behalf of any other person, firm, corporation, association or other entity, as an employee or otherwise, engage in, or in any way be concerned with or negotiate for, or acquire or maintain any ownership interest in any business or activity which is the same as or competitive with that conducted by the Company at the termination of his service, or which was engaged in or developed by the Company at any time during the Service Period for specific implementation in the immediate future by the Company.

10.2 Roberts acknowledges that the Company is engaged in business throughout the United States and in various foreign countries and that the Company intends to expand the geographic scope of its activities. Accordingly and in view of the nature of his position and responsibilities, Roberts agrees that the provisions of this Section shall be applicable to each state and each foreign country, possession or territory in which the Company may be engaged in business during the Service Period, or, with respect to Roberts' obligations following termination of his service, at the termination of his service or at any time within the twelve-month period following the effective date of his termination of service.

10.3 Roberts agrees that for a period of five (5) years following termination of service in accordance with this Agreement, Roberts will not, directly or indirectly, for himself or on behalf of any third party at any time in any manner, request or cause any of the Company's customers to cancel or terminate any existing or continuing business relationship with the Company; solicit, entice, persuade, induce, request or otherwise cause any employee, officer or agent of the Company to refrain from rendering services to the Company or to terminate his or her relationship, contractual or otherwise, with the Company; induce or attempt to influence any supplier to cease or refrain from doing business or to decline to do business with the Company; divert or attempt to divert any supplier from the Company; or induce or attempt to influence any supplier to decline to do business with any businesses of the Company as such businesses are constituted immediately prior to the termination of service.

10.4 Roberts agrees that for a period of five (5) years following his termination of service in accordance with this Agreement, Roberts will not directly or indirectly, for himself or on behalf of any third party, solicit for business, accept any business from or otherwise do, or contract to do, business with any person or entity who, at the time of, or any time during the twelve (12) months preceding such termination, was an active customer or was actively solicited by the Company according to the books and records of the Company and within the knowledge, actual or constructive of Roberts.

11. Equitable Remedies. Roberts acknowledges that his compliance with the covenants in Sections 8, 9 and 10 of this Agreement is necessary to protect the good will and other

proprietary interests of the Company and that, in the event of any violation by Roberts of the provisions of Section 8, 9 or 10 of this Agreement, the Company will sustain serious, irreparable and substantial harm to its business, the extent of which will be difficult to determine and impossible to remedy by an action at law for money damages. Accordingly, Roberts agrees that, in the event of such violation or threatened violation by Roberts, the Company shall be entitled to any injunction before trial from any court of competent jurisdiction as a matter of course and upon the posting of not more than a nominal bond in addition to all such other legal and equitable remedies as may be available to the Company. Roberts further agrees that, in the event any of the provisions of Sections 8, 9 and 10 of this Agreement are determined by a court of competent jurisdiction to be contrary to any applicable statute, law or rule, or for any reason to be unenforceable as written, such court may modify any of such provisions so as to permit enforcement thereof as thus modified.

12. Successors; Related Companies; Binding Agreement.

12.1 The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to Roberts, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle Roberts to compensation from the Company in the same amount and on the same terms as he would be entitled to hereunder pursuant to Section 5.4 hereof, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company and any successor to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 12 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

12.2 For purposes of Sections 8, 9, 10 and 11 hereof the term "Company" shall mean Comcast Corporation ("Comcast") as well as (i) each of its more than fifty percent (50%) owned subsidiaries and (ii) each other entity in which Comcast directly or indirectly has a greater than ten percent (10%) equity interest, the fair market value of which interest is in excess of $50,000,000. In determining Comcast's equity interest for purposes of this Section 12.2, any equity interest which Comcast has an option to purchase shall be considered as owned by Comcast.

12.3 This Agreement and all rights of Roberts hereunder shall inure to the benefit of and shall be binding upon Roberts' personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Roberts should die while any amounts would still be payable to him hereunder if he had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to Roberts' devisee, legatee, or other designee or, if there be no such designee, to Roberts' estate.

13. Entire Agreement. This Agreement, the provisions of the 1993 Agreement recited in Section 23 hereof, the Pre-Existing Agreements described in Section 6 hereof, and the 1997 Split-Dollar Agreement constitute the full and complete understanding and agreement of Roberts and the Company respecting the subject matter hereof, and supersede all prior understandings and agreements, oral or written, express or implied. This Agreement may not be modified or amended orally but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

14. Headings. The section headings of this Agreement are for convenience of reference only and are not to be considered in the interpretation of the terms and conditions of this Agreement.

15. Actions by Board. The Company is governed by its Board and, accordingly, all references in this Agreement to the actions and discretion of the Company are meant and deemed to refer to the actions and discretion of the Board.

16. Notices. Any notice required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given when sent by certified mail, postage prepaid, addressed as follows:

If to the Company:

35th Floor
1500 Market Street
Philadelphia, Pennsylvania 19102-2148

Attn: Corporate Secretary

If to Roberts, at his last known personal residence.

Any party may change the persons and address to which notices or other communications are to be sent by giving written notice of such change to the other party in the manner provided herein for giving notice.

17. Waiver of Breach. No waiver by either party of any condition or of the breach by the other of any term or covenant contained in this Agreement, whether by conduct or otherwise, in any one or more instances shall be deemed or construed as a further or continuing waiver of any such condition or breach or a waiver of any other condition, or of the breach of any other term or

covenant set forth in this Agreement. Moreover, the failure of either party to exercise any right hereunder shall not bar the later exercise thereof.

18. Nonalienation. Roberts shall not pledge, hypothecate, anticipate or in any way create a lien upon any amounts provided under this Agreement. This Agreement and the benefits payable hereunder shall not be assignable by either party without the prior written consent of the other; provided, however, that nothing in this Section shall preclude Roberts from designating a beneficiary to receive any benefit payable hereunder upon his death, or the executors, administrators or other legal representatives of Roberts or his estate from assigning any rights hereunder to which they become entitled to the person or persons entitled thereto.

19. Governing Law. This Agreement is entered into and shall be construed in accordance with the internal laws of the Commonwealth of Pennsylvania.

20. Continuation of Covenants. The covenants and agreements of Roberts set forth in Sections 8, 9 and 10 hereof shall survive any termination of services, shall continue thereafter, and shall not expire unless and except as may be expressly set forth in Sections 8, 9 and 10 hereof.

21. Invalidity or Unenforceability. If any term or provision of this Agreement is held to be invalid or unenforceable, for any reason, such invalidity or enforceability shall not affect any other term or provision hereof and this Agreement shall continue in full force and effect as if such invalid or unenforceable term or provision (to the extent of the invalidity or unenforceability) had not been contained herein.

22. Counterparts. This Agreement may be executed in on or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

23. Effect on 1993 Agreement and on Certain Conditions to 1996 Split-Dollar Agreement.

23.1 This Agreement is intended to replace and supersede the 1993 Agreement, except for Sections 3(b), 3(c), 3(e), 3(i), 5, 6, 7, 8 (including, as to Section 8, the definition of "Options" in the Recitals of the 1993 Agreement, which definition is hereby amended to include any and all non-qualified options issued or to be issued subsequent to March 16, 1994) and 13 through 23 thereof, all of which provisions of the 1993 Agreement shall remain in effect, as well as any other provisions of the 1993 Agreement (to the extent not inconsistent with this Agreement) which are necessary to remain in effect in order to effectuate any or all of the above-referenced provisions.

23.2 Concurrent with approval of this Agreement by the Subcommittee, the Subcommittee rescinded its resolutions adopted at its meeting of April 15, 1996 relating to amendment of Roberts' 1996 Split-Dollar Agreement to condition entitlements thereunder on a performance test (contained in Item C of the minutes of the meeting of such date).

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written.

Attest:	COMCAST CORPORATION
/s/ Stanley Wang	By: /s/ Lawrence S. Smith
Secretary	Title: Executive Vice President
Witness:	
/s/ John H. Schnapin	/s/ Ralph J. Roberts
	Ralph J. Roberts

APPENDIX A

1997 SPLIT-DOLLAR LIFE INSURANCE AGREEMENT

THIS AGREEMENT, made as of the _____ day of ________, 1997, by and among Comcast Corporation, a Pennsylvania corporation (hereinafter called the "Corporation"), Ralph J. Roberts, Sr., an executive of the Corporation who is a resident of the Commonwealth of Pennsylvania (hereinafter called the "Employee"), and Sheldon M. Bonovitz, Trustee U/T/A of Ralph J. and Suzanne F. Roberts, dated _________________, 1997 (hereinafter called the "Owner").

R E C I T A L S

WHEREAS, the Employee has rendered loyal and valuable service to the Corporation; and

WHEREAS, the Employee and the Corporation have previously entered into several split-dollar life insurance agreements in order to provide life insurance protection for the Employee's family; and

WHEREAS, the Corporation wishes to help provide additional life insurance protection for the Employee's family under certain policies of life insurance insuring the life of last survivor of the Employee and his spouse (hereinafter individually referred to as a "Policy" and collectively as the "Policies"), which are described on Schedule A attached hereto and by this reference made a part hereof, and which were issued by the insurance companies identified in Schedule A (hereinafter individually referred to as an "Insurer"); and

WHEREAS, the Owner is the owner of the Policies and, as such, possesses all incidents of ownership in and to the Policies; and

WHEREAS, the Corporation is willing through a split-dollar life insurance arrangement to advance on behalf of the Owner a certain portion of the annual premiums due on the Policies on the terms and conditions hereinafter set forth; and

WHEREAS, the Corporation wishes to have the Policies collaterally assigned to it by the Owner, in order to secure the repayment of the amounts which it will pay toward the premiums on the Policies; and

WHEREAS, it is the desire of the parties to set forth the extent of the Corporation's security interest in the aggregate cash surrender value of the Policies and in the proceeds thereof;

NOW THEREFORE, in consideration of the premises and the mutual promises contained herein and intending to be legally bound, the parties hereby agree as follows:

1. Policies. The parties hereto have taken all necessary action to cause each Insurer to issue its Policy, and shall take any further action which may be necessary to cause each Policy to conform to the provisions of this Agreement. The parties hereto agree that each Policy shall be subject to the terms and conditions of this Agreement and of the collateral assignment filed with the Insurer relating to its Policy.

2. Ownership Rights. Except as may otherwise be provided herein, the Owner shall be the sole and absolute owner of the Policies, and may exercise all ownership rights granted to the owner thereof by the terms of the Policies, subject to the security interest of the Corporation as created pursuant to this Agreement.

3. Payment of Premiums.

a. On or before the due date of each annual Policy premium, or within the grace period provided therein, the Corporation shall pay the full amount of the premium which is in excess of the portion of the premium which would be includable in the Employee's gross income for federal and state income tax purposes, if not paid by the Employee (the "Non-Taxable Portion"). The Corporation shall, upon request, promptly furnish the Owner evidence of timely payment of such premium. The payment of such Non-Taxable Portion of the premium shall be treated as an advance from the Corporation to the Owner.

b. The portion of each annual Policy premium which is in excess of the Non-Taxable Portion shall also be paid by the Corporation at the same time as the Non-Taxable Portion is paid, and shall constitute compensation.

c. If the Employee dies and his spouse survives him, the Corporation shall continue to (i) make advances to the Owner for the purpose of paying annual premiums pursuant to Section 3(a) hereof, and (ii) pay the Non-Taxable Portion of the annual Policy premium as provided in Section 3(b) hereof, for the balance of the surviving spouse's life.

d. The obligation of the Corporation to make the annual payments provided in this Section 3 shall be governed by Section 4(c) of the Compensation and Deferred Compensation Agreement executed by the Corporation and the Employee as of September 16, 1997 (the "Employment Agreement"). Accordingly, if it is determined that the Employee's services are terminated for "Cause" as defined in Section 4(c) of the Employment Agreement, the Corporation shall have no further obligation to make payments under this Section 3 following the Employee's Date of Termination, as determined under Section 4(e) of the Employment Agreement.

4. Bonus. Following the payment of each annual Policy premium for each year that an annual Policy premium is paid, the Corporation agrees to pay to the Employee (or his surviving spouse, if applicable) the following supplemental amounts (none of which shall be considered advances) (the "Bonus"):

(1) An income tax gross-up amount equal to (i) the product of the portion of each annual premium amount paid under Section 3(b) hereof and the highest marginal income tax rate, (ii) divided by one minus the highest marginal income tax rate. For purposes of this Section 4, the term "highest marginal income tax rate" shall mean the sum of the highest marginal combined local, state and federal personal income tax rates (including any state unemployment compensation tax rate, any surtax rate as well as the Medicare hospital insurance tax rate imposed on employees under the Federal Insurance Contributions

Act), as in effect for the calendar year as to which the bonus relates, provided that in determining such tax rate the highest marginal state and local income tax rates shall be reduced by such number of percentage points as will give effect to the tax benefit obtained by the Employee in connection with his deduction of state and local income taxes for federal income tax purposes.

(2) A gift tax gross-up amount equal to (i) the product of the highest marginal gift tax rate and each annual premium amount paid under Section 3(b) hereof, (ii) divided by one minus the highest marginal gift tax rate. For purposes of this Section 4, the term "highest marginal gift tax rate" shall mean the highest tax rate (including any surtax) imposed under Section 2001(c) of the Internal Revenue Code of 1986, as amended, (or any successor provision) as applied to gifts made in the calendar year in which a premium is paid under Section 3(b) hereof.

a. All Bonuses to be paid under this Agreement are subject to applicable tax withholding requirements.

b. All determinations which are necessary or appropriate for purposes of Section 4 hereof shall be made, in its sole discretion, by the Subcommittee and such determinations shall be final and binding on all parties to this Agreement.

5. Collateral Assignment. To secure the repayment to the Corporation of the amounts advanced by it to the Owner hereunder, the Owner has, contemporaneously herewith, assigned each Policy to the Corporation as collateral, under instruments which in all

material respects are the same as the form attached hereto as Addendum A. The collateral assignment of a Policy to the Corporation hereunder shall not be terminated, altered or amended by the Owner, without the express written consent of the Corporation. The parties hereto agree to take all action necessary to cause each collateral assignment to conform to the provisions of this Agreement. In the event of any inconsistency between the terms of this Agreement and the terms of a collateral assignment, the terms of this Agreement shall control.

6. Limitation on Policy Disposition. During the period that a collateral assignment of a Policy is in effect, the Owner shall not borrow from, pledge, transfer or assign the Policy and shall not sell, surrender or cancel the Policy, change the beneficiary designation provision thereof, nor terminate the dividend election thereof without the express written consent of the Corporation, which consent shall not be unreasonably withheld.

7. Policy Proceeds.

a. Upon the death of the Employee (or his surviving spouse, if applicable), the Corporation and the Owner shall promptly take all action necessary to obtain the death benefit provided under each Policy.

b. The Corporation shall have the unqualified right to receive a portion of each death benefit equal to the total amount advanced by it pursuant to Section 3(a) hereof. The balance of each death benefit, if any, shall be paid directly to the beneficiary or beneficiaries designated by the Owner, in the manner and in the amount or amounts provided in the beneficiary designation provision of the applicable Policy. In no event shall the amount payable to the Corporation hereunder exceed the Policy proceeds payable at the death of the Employee (or his surviving spouse, if applicable). No amount shall be paid from the proceeds to the beneficiary or beneficiaries designated by the Owner until the full amount due the Corporation hereunder has been paid. The parties hereto agree that the beneficiary designation provision of each Policy shall conform to the provisions hereof.

8. Termination.

a. This Agreement shall terminate, without notice, upon the occurrence of any of the following events: (1) the total cessation of the business of the Corporation, (2) the bankruptcy, receivership or dissolution of the Corporation, or (3) the surrender of the Policies by the Owner with the written consent of the Corporation as provided in Section 7.

b. In addition, either the Owner or the Employee may terminate this Agreement by written notice to the other parties hereto. Such termination shall be effective as of the date of such notice. The Corporation may not terminate this Agreement.

9. Release of Policy Collateral.

a. For sixty (60) days after the earlier of the date of the termination of this Agreement or the date on which the Corporation's payment obligation ceases under Section 3(d) hereof as a result of the termination of the Employee's services for Cause, the Owner shall have the option of obtaining the release of each collateral assignment of a Policy to the Corporation. To obtain such release, the Owner shall pay or cause to be paid to the Corporation an amount equal to the Policy's then cash surrender value. Upon receipt of such amount, the Corporation shall release the collateral assignment of the Policy, by the execution and delivery of an appropriate instrument of release.

b. If the Owner fails to exercise such option within such sixty (60) day period, then the Corporation may enforce its right to be repaid the amount set forth in Section (a), above, by surrendering the Policy to the Insurer in exchange for the Policy's cash surrender value pursuant to the collateral assignment of the Policy. Thereafter, neither the Owner nor the Employee's respective heirs, assigns or beneficiaries shall have any further interest in and to the Policy, either under the terms thereof or under this Agreement.

10. Insurer. An Insurer shall be fully discharged from its obligations under a Policy by payment of the Policy death benefit to the beneficiary or beneficiaries named in the Policy, subject to the terms and conditions of the Policy. In no event shall an Insurer be considered a party to this Agreement, or any modification or amendment hereof. No provision of this Agreement, nor of any modification or amendment hereof, shall in any way be construed as enlarging, changing, varying, or in any other way affecting the obligations of an Insurer as expressly provided in the Policy, except insofar as the provisions hereof are made a part of the Policy by the collateral assignment executed by the Owner and filed with the Insurer in connection herewith.

11. Amendment. This Agreement may not be amended, altered or modified, except by a written instrument signed by the parties

hereto, or their respective successors or assigns, and may not be otherwise terminated except as provided herein.

12. Succession. This Agreement shall be binding upon and shall inure to the benefit of the Corporation and its successors and assigns, and the Employee, the Owner, and their respective successors, assigns, heirs, executors, administrators and beneficiaries.

13. Notices. Any notice, consent or demand required or permitted to be given under the provisions of this Agreement shall be in writing, and shall be signed by the party giving or making the same. If such notice, consent or demand is mailed to a party hereto, it shall be sent by United States certified mail, postage prepaid, addressed to such party's last known address as shown on the records of the Corporation. The date of such mailing shall be deemed the date of notice, consent or demand.

14. Captions. The captions of the Sections herein are inserted as a matter of convenience of reference only and in no way define, limit or describe the scope of this Agreement or any provisions hereof.

15. Governing Law. This Agreement, and the rights of the parties hereunder, shall be governed by and construed in accordance with the internal laws of the Commonwealth of Pennsylvania and shall be enforced in the Commonwealth of Pennsylvania.

16. Trust Agreement. Recognizing that the Owner is a trustee and that the Policies are held in trust, the parties agree that the terms of this Agreement shall control in the event of any

inconsistencies between the terms of this Agreement and the terms of any trust agreement.

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be executed by its duly authorized officers and the Employee and the Owner have hereunto set their hands and seals as of the date first above written.

Attest: COMCAST CORPORATION

________________________ By:___________________________
Secretary Title:

____
Ralph J. Roberts, Sr.

____
Sheldon M. Bonovitz, Trustee
U/T/A of Ralph J. and Suzanne
F. Roberts, dated _________,
1997

Schedule A

The following life insurance policies are subject to this 1997 Split-Dollar Life Insurance Agreement:

Insurer	Policy No.	Death Benefit

COMCAST CORPORATION

1997 DEFERRED STOCK OPTION PLAN

(As Amended and Restated, Effective December 18, 1997)

TABLE OF CONTENTS

COMCAST CORPORATION
1997 DEFERRED STOCK OPTION PLAN

(As Amended and Restated, Effective December 18, 1997)

1. ESTABLISHMENT OF PLAN

COMCAST CORPORATION, a Pennsylvania corporation, hereby amends and restates the Comcast Corporation 1997 Deferred Stock Option Plan (the "Plan"), effective December 18, 1997. The Plan was initially adopted effective September 16, 1997. The Plan is unfunded and is maintained primarily for the purpose of providing a select group of management or highly compensated employees the opportunity to defer the receipt of Shares and corresponding recognition of compensation income upon the exercise of Options.

2. DEFINITIONS

2.1 " A Stock" means the Company's Class A Common Stock, par value, $1.00, including a fractional share.

2.2 "Account" means the bookkeeping accounts established pursuant to Paragraph 5.1 and maintained by the Administrator in the names of the respective Participants, to which Deferred Stock Units, dividend equivalents and earnings on dividend equivalents shall be credited, and from which all amounts distributed under the Plan shall be debited.

2.3 "Active Participant"means:

2.3.1 Each Participant who is in active service as an Outside Director;

2.3.2 Each Participant who is actively employed by a Participating Company as an Eligible Employee; and

2.3.3 A Permitted Transferee of an individual described in Paragraph 2.3.1 or 2.3.2, if applicable.

2.4 "Administrator" means the Committee.

2.5 "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.

2.6 "Annual Rate of Pay" means, as of any date, an employee's annualized base pay rate. An employee's Annual Rate of Pay shall not include sales commissions or other similar payments or awards.

2.7 "Board" means the Board of Directors of the Company, or the Executive Committee of the Board of Directors of the Company.

2.8 "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.

2.9 "Comcast Option Plan or Plans" means the Comcast Corporation 1986 Non-Qualified Stock Option Plan, the Comcast Corporation 1987 Stock Option Plan, or the Comcast Corporation 1996 Stock Option Plan, or any other incentive or non-qualified stock option plan subsequently adopted by the Company or an Affiliate.

2.10 "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 Option Plans.

2.11 "Committee" means the Subcommittee on Performance Based Compensation of the Compensation Committee of the Board of Directors of the Company.

2.12 "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.

2.13 "Date of Grant" means the date as of which an Option is granted.

2.14 "Deferred Stock Units" mean the number of hypothetical Shares determined as the excess of (1) the number of Option Shares over (2) the number of Other Available Shares having a Fair Market Value as of the date of exercise of an Option equal to the exercise price for such Option Shares, as to which an Outside Director, Former Outside Director, Eligible Employee, Former Eligible Employee or Successor-in-Interest provides to the Company evidence of ownership of sufficient Shares to pay the exercise price for such Option Shares; provided, however, that if the Option is for A Stock, the Deferred Stock Units shall be credited to the Participant's Account as Deferred A Stock Units, and if the Option is for K Stock, the Deferred Stock Units shall be credited to the Participant's Account as Deferred K Stock Units.

2.15 "Deceased Participant" means:

2.15.1 A Participant whose employment, or, in the case of a Participant who was an Outside Director, a Participant whose service as an Outside Director, is terminated by death;

2.15.2 A Participant who dies following termination of active service; or

2.15.3 A Permitted Transferee of an individual described in Paragraph 2.15.1 or 2.15.2, if applicable.

2.16 "Disabled Participant" means:

2.16.1 A Participant whose employment or, in the case of a Participant who is an Outside Director, a Participant whose service as an Outside Director, is terminated by reason of disability;

2.16.2 A Participant who becomes disabled (as determined by the Committee) following termination of active service;

2.16.3 The duly-appointed legal guardian of an individual described in Paragraph 2.16.1 or 2.16.2 acting on behalf of such individual; or

2.16.4 A Permitted Transferee of an individual described in Paragraph 2.16.1 or 2.16.2, if applicable.

2.17 "Election" means a written election on a form provided by the Administrator, filed with the Administrator in accordance with Article 3, pursuant to which an Outside Director, Former Outside Director, Eligible Employee, Former Eligible Employee, Successor-in-Interest or Permitted Transferee:

2.17.1 Elects, within the time or times specified in Article 3, to defer the receipt of Shares pursuant to the exercise of all or part of an Option; and

2.17.2 Designates the time that such Shares and any dividend equivalents shall be distributed.

2.18 "Eligible Employee" means:

2.18.1 Each employee of a Participating Company whose Annual Rate of Pay is $125,000 or more as of both (1) the date on which an Election is filed with the Administrator and (2) the first day of the Plan Year in which such Election is filed;

2.18.2 Each New Key Employee; and

2.18.3 Each other employee of a Participating Company who is designated by the Committee, in its discretion, as an Eligible Employee.

2.19 "Fair Market Value."

2.19.1 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.

2.19.2 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.

2.19.3 If Shares are not so listed nor trades of Shares so reported, Fair Market Value shall be determined by the Committee in good faith.

2.20 "Former Eligible Employee" means an individual who has ceased to be actively employed by a Participating Company for any reason but who, immediately preceding his termination of employment, was an Eligible Employee.

2.21 "Former Outside Director" means an individual who has ceased to be a member of the Board, but who, immediately preceding his cessation of service as a member of the Board, was an Outside Director.

2.22 "Immediate Family" means an Outside Director's, Former Outside Director's, Eligible Employee's or Former Eligible Employee'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.

2.23 "K Stock" means the Company's Class A Special Common Stock, par value, $1.00, including a fractional share.

2.24 "New Key Employee" means each employee of a Participating Company hired on or after the effective date of the Plan whose Annual Rate of Pay on his date of hire is $125,000 or more.

2.25 "Normal Retirement" means:

2.25.1 For a Participant who is an employee of a Participating Company immediately preceding his termination of employment, a termination of employment that is treated by the Participating Company as a retirement under its employment policies and practices as in effect from time to time; and

2.25.2 For a Participant who is an Outside Director immediately preceding his termination of service, his normal retirement from the Board.

2.26 "Other Available Shares" means, as of any date, the excess, if any of:

2.26.1 The total number of Shares owned by a Person; over

2.26.2 The sum of:

2.26.2.1 The number of Shares owned by such Person for less than six months; plus

2.26.2.2 The number of Shares owned by such Person that has, within the preceding six months, been the subject of a withholding certification under any Comcast Plan; plus

2.26.2.3 The number of Shares owned by such Person 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.

For purposes of this Paragraph 2.26, a Share that is subject to a deferral election pursuant to this Plan or another Comcast Plan shall not be treated as owned by a Person until all conditions to the delivery of such Share have lapsed. The number of Other Available Shares shall be determined separately for Shares of A Stock and Shares of K Stock.

2.27 "Option" means a non-qualified stock option to purchase Shares granted pursuant to a Comcast Option Plan; provided that each Option with a different Date of Grant shall be considered a separate Option.

2.28 "Option Shares" mean the Shares that are subject to the portion of an Option as to which an Election is in effect.

2.29 "Outside Director" means a member of the Board who is not an employee of a Participating Company.

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

2.31 "Participant" means each Outside Director, Former Outside Director, Eligible Employee, Former Eligible Employee, Successor-in-Interest or Permitted Transferee that has made an Election and that has an undistributed amount credited to an Account under the Plan.

2.32 "Participating Company" means the Company and each of the Parent Companies and Subsidiary Companies.

2.33 "Permitted Transferee" means a member of the Immediate Family of an Outside Director, Former Outside Director, Eligible Employee or Former Eligible Employee to whom the right to exercise an Option has been transferred pursuant to a Comcast Option Plan.

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

2.35 "Plan" means the Comcast Corporation 1997 Deferred Stock Option Plan, as set forth herein, and as may be amended from time to time.

2.36 "Plan Year" means the calendar year.

2.37 "Prime Rate" means the annual rate of interest identified by PNC Bank as its prime rate as of the first day of each calendar year.

2.38 "Retired Participant" means a Participant who has terminated employment pursuant to a Normal Retirement.

2.39 "Roberts Family." Each of the following is a member of the Roberts Family:

2.39.1 Ralph J. Roberts;

2.39.2 A lineal descendant of Ralph J. Roberts; or

2.39.3 A trust established for the benefit of any of Ralph J. Roberts and/or a lineal descendant or descendants of Ralph J. Roberts.

2.40 "Share" or "Shares" means for all purposes of the Plan, a share or shares of A Stock or K Stock, or such other securities issued by the Company as may be subject to adjustment 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 Company, whether through merger, consolidation, reorganization, recapitalization, stock dividend, stock split-up or other substitution of securities of the Company. In such event, the Committee shall make appropriate equitable anti-dilution adjustments to the number and class of Deferred Stock Units credited to Participants' Accounts. The Committee's adjustment shall be effective and binding for all purposes of the Plan.

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

2.42 "Successor-in-Interest" means the estate or beneficiary of a deceased Former Outside Director, a deceased Former Eligible Employee or another deceased Participant, to whom the right to exercise an Option or the right to payment under the Plan shall have passed, as applicable.

2.43 "Terminating Event" means any of the following events:

2.43.1 The liquidation of the Company; or

2.43.2 A Change of Control.

2.44 "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. DEFERRAL ELECTIONS

3.1 Elections. Each Outside Director, Former Outside Director, Eligible Employee, Former Eligible Employee, Successor-in-Interest and Permitted Transferee who is the grantee or transferee of an Option, shall have the right to make an Election to defer the receipt of Shares upon exercise of all or part of such Option by filing an Election at the time and in the manner described in this Article 3.

3.2 Filing of Elections. An Election to defer the receipt of Shares upon exercise of all or part of an Option shall be made on the form provided by the Administrator for this purpose. No such Election shall be effective unless it is filed with the Administrator on or before the date that is both (i) six (6) months prior to the exercise of such Option and (ii) in the calendar year preceding the calendar year in which such Option is exercised, provided that an Election filed with the Administrator on or before December 31, 1997 shall be effective with respect to the exercise of any Option after December 31, 1997.

3.3 Options to which Elections May Apply. A separate Election may be made for each Option, or a portion of such Option, with respect to which an Outside Director, Former Outside Director, Eligible Employee, Former Eligible Employee, Successor-in-Interest or Permitted Transferee desires to defer receipt of Shares upon exercise of all or a portion of such Option, but the failure of such a Person to make an Election with respect to an Option shall not affect such Person's right to make an Election for any other Option.

3.4 Election of Distribution Date.

3.4.1 Each Participant who elects to defer the receipt of Shares shall, on the Election, also elect the distribution date for such Shares; provided, however, that, subject to acceleration pursuant to Paragraph 3.4.3, Paragraph 3.4.4 or Paragraph 3.5, no distribution may be made earlier than January 2nd of the third calendar year beginning after the date of the Election nor later than January 2nd of the eleventh calendar year beginning after the date of the Election. The designation of the time for distribution of benefits under the Plan may vary with each separate Election. Subject to acceleration pursuant to Paragraph 3.4.3, Paragraph 3.4.4 or Paragraph 3.5, no distribution of the amounts deferred by a Participant for any Plan Year shall be made before the distribution date designated by the Participant on the most recently filed Election with respect to such deferred amounts.

3.4.2 Each Active Participant who has previously elected to receive a distribution of part or all of his or her Account, or who, pursuant to this Paragraph 3.4.2 has elected to defer the distribution date for Shares for an additional period from the originally-elected distribution date, may elect to defer the time of payment of such amount for a minimum of two and a maximum of ten additional years from the previously-elected distribution date, by filing an Election with the Administrator on or before the close of business on June 30 of the Plan Year preceding the Plan Year in which the distribution would otherwise be made.

3.4.3 A Deceased Participant's Successor-in-Interest or the Permitted Transferee of a Deceased Participant, if applicable, may elect to:

3.4.3.1 Defer the time of payment of the Deceased Participant's Account for a minimum of two additional years from the date payment would otherwise be made (provided that if an Election is made pursuant to this Paragraph 3.4.3.1, the Deceased Participant's Account shall be distributed in full on or before the fifth anniversary of the Deceased Participant's death); or

3.4.3.2 Accelerate the time of payment of such amount from the date payment would otherwise be made to January 2nd of the calendar year beginning after the Deceased Participant's death.

An Election pursuant to this Paragraph 3.4.3 must be filed with the Administrator on or before the close of business on (i) the June 30 following the Participant's death on or before May 1 of a calendar year, (ii) the 60th day following the Participant's death after May 1 and before November 2 of a calendar year or (iii) the December 31 following the Participant's death after November 1 of a calendar year. One and only one Election shall be permitted pursuant to this Paragraph 3.4.3 with respect to a Deceased Participant's Account.

3.4.4 A Disabled Participant, or the Permitted Transferee of a Disabled Participant, if applicable, may elect to accelerate the time of payment of the Disabled Participant's Account from the date payment would otherwise be made to January 2nd of the calendar year beginning after the Participant became disabled. An Election pursuant to this Paragraph 3.4.4 must be filed with the Administrator on or before the close of business on the later of (i) the June 30 following the date the Participant becomes a Disabled Participant if the Participant becomes a Disabled Participant on or before May 1 of a calendar year, (ii) the 60th day following the date the Participant becomes a Disabled Participant if the Participant becomes a Disabled Participant after May 1 and before November 2 of a calendar year or (iii) the December 31 following the date the Participant becomes a Disabled Participant if the Participant becomes a Disabled Participant after November 1 of a calendar year.

3.4.5 A Retired Participant, or the Permitted Transferee of a Retired Participant, if applicable, may elect to defer the time of payment of the Retired Participant's Account for a minimum of two additional years from the date payment would otherwise be made (provided that if an Election is made pursuant to this Paragraph 3.4.5, the Retired Participant's Account shall be distributed in full on or before the fifth anniversary of the Retired Participant's Normal Retirement). An Election pursuant to this Paragraph 3.4.5 must be filed with the Administrator on or before the close of business on the later of (i) the June 30 following the Participant's Normal Retirement on or before May 1 of a calendar year, (ii) the 60th day following the Participant's Normal Retirement after May 1 and before November 2 of a calendar year or (iii) the December 31 following the Participant's Normal Retirement after November 1 of a calendar year.

3.5 Effect of Terminating Event. The Company 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 Company may, in its discretion, provide in such notice that notwithstanding any other provision of the Plan or the terms of any Election, upon the consummation of a Terminating Event, the Account balance of each Participant shall be distributed in full and any outstanding Elections shall be revoked.

4. FORM OF DISTRIBUTION

4.1 Form of Distribution. Deferred Stock Units credited to an Account shall be distributed in the form of shares of A Stock and/or K Stock, as applicable. Dividend equivalents shall be distributed in a lump sum in cash.

5. BOOK ACCOUNTS

5.1 Account. An Account shall be established for each Outside Director, Former Outside Director, Eligible Employee, Former Eligible Employee, Successor-in-Interest or Permitted Transferee when such Person becomes a Participant. Deferred Stock Units shall be credited to the Account as of the date of exercise of an Option as to which an Election is in effect.

5.2 Crediting of Dividend Equivalents. The Account of each Participant shall be credited with dividend equivalents at the same rate per Deferred Stock Unit as are actually paid per Share. Earnings shall be credited with respect to dividend equivalents credited to Accounts and credited with interest annually at the Prime Rate.

5.3 Status of Deferred Amounts. Regardless of whether or not the Company is a Participant's employer, all Deferred Stock Units and dividend equivalents under this Plan shall continue for all purposes to be a part of the general funds of the Company.

5.4 Participants' Status as General Creditors. Regardless of whether or not the Company is a Participant's employer, an Account shall at all times represent the general obligation of the Company. The Participant 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 his or her Accounts. Nothing contained herein shall be deemed to create an escrow, trust, custodial account or fiduciary relationship of any kind. Nothing contained herein shall be construed to eliminate any priority or preferred position of a Participant in a bankruptcy matter with respect to claims for wages.

6. NON-ASSIGNABILITY, ETC.

6.1 Non-assignability. The right of each Participant in or to any Account, benefit or payment hereunder shall not be subject in any manner to attachment or other legal process for the debts of such Participant; and no Account, benefit or payment shall be subject to anticipation, alienation, sale, transfer, assignment or encumbrance.

6.2 Designation of Beneficiaries. Each Participant shall have the right to designate one or more beneficiaries to receive distributions in the event of the Participant's death by filing with the Administrator a beneficiary designation on the form provided by the Administrator for such purpose. The designation of beneficiary or beneficiaries may be changed by a Participant at any time prior to his or her death by the delivery to the Administrator of a new beneficiary designation form. If no beneficiary shall have been designated, or if no designated beneficiary shall survive the Participant, the Participant's estate shall be deemed to be the beneficiary.

7. INTERPRETATION

7.1 Authority of Committee. The Committee shall have full and exclusive authority to construe, interpret and administer this Plan and the Committee's construction and interpretation thereof shall be binding and conclusive on all persons for all purposes.

7.2 Claims Procedure. The Committee shall administer a reasonable claims procedure with respect to the Plan in accordance with Department of Labor Regulation section 2560.503-1, or any successor provision.

8. AMENDMENT OR TERMINATION

8.1 Amendment or Termination. The Company, by action of the Board or by action of the Committee, reserves the right at any time, or from time to time, to amend or modify this Plan. The Company, by action of the Board, reserves the right to terminate this Plan at any time.

9. MISCELLANEOUS PROVISIONS

9.1 No Right to Continued Employment. Nothing contained herein shall be construed as conferring upon any Participant the right to remain in the employment of a Participating Company as an executive or in any other capacity.

9.2 Governing Law. This Plan shall be interpreted under the laws of the Commonwealth of Pennsylvania.

9.3 Expiration of Options. Notwithstanding any provision of the Plan or an Election, no Election shall be effective with respect to an Option that has expired. In addition, no provision of the Plan or an Election shall be construed to extend the expiration date of any Option.

10. EFFECTIVE DATE

The effective date of the Plan this amendment and restatement of the Plan shall be December 18, 1997.

IN WITNESS WHEREOF, COMCAST CORPORATION has caused this Plan to be executed by its officers thereunto duly authorized, and its corporate seal to be affixed hereto, as of the 18th day of December, 1997.

COMCAST CORPORATION

BY: /s/ Stanley Wang

ATTEST: /s/ Arthur S. Block

Entity Name	Organization Place
1278844 Ontario Ltd.	Ontario, Canada
Affiliate Marks Investments, Inc.	DE
Affiliate Relations Holdings, Inc.	DE
Affiliate Relations, Inc.	DE
Amcell - Tel, Inc.	NJ
Amcell Holding Corp.	NJ
Amcell of Atlantic City, Inc.	NJ
Amcell of Cumberland County, Inc.	NJ
Amcell of Hunterdon, Inc.	NJ
Amcell of Ocean County, Inc.	DE
Amcell of Pennsylvania Holdings, Inc.	DE
Amcell of Trenton, Inc.	NJ
Amcell of Vineland Holdings, Inc.	DE
American Cellular Network Corp.	NJ
American Cellular Network Corp. of Delaware	DE
American Cellular Network Corp. of Maryland	MD
Anglia Cable Communications Limited	UK
Aurora/Elgin Cellular Telephone Company, Inc.	IL
Automated Information Services of Phoenix Limited Partnership	NM
AWACS Financial Corporation	DE
AWACS Garden State, Inc.	DE
AWACS Investment Holdings, Inc.	DE
AWACS Purchasing Corporation	DE
AWACS Retail Stores, Inc.	DE
AWACS, Inc.	PA
Box Office Enterprises, Inc.	CT
Cable Enterprises, Inc.	DE
Cable Shopping Mall, Inc.	DE
Cablevision Investment of Detroit, Inc.	MI
California Ad Sales, Inc.	DE
Cambridge Cable Limited	UK
Cambridge Holding Company Limited	UK
CDirect Mexico I, Inc.	DE
CDirect Mexico II, Inc.	DE
Cell South of New Jersey, Inc.	NJ
Century Cable Limited	UK
Classic Services, Inc.	DE
Clinton Cable TV Investors, Inc.	MI
Coastal Cable TV, Inc.	CT
COM Indiana, Inc.	DE
COM Indianapolis, Inc.	DE
COM Inkster, Inc.	MI
COM Maryland, Inc.	DE
COM MH, Inc.	DE
COM Philadelphia, Inc.	DE
COM South, Inc.	CO
COM Sports Holding Company, Inc.	DE
COM Sports Ventures, Inc.	DE
COM Telephony Services, Inc.	DE
Comcast Argentina, Inc.	DE
Comcast Biztravel, Inc.	DE
Comcast Brazil, Inc.	DE
Comcast Business Telephony Services, Inc.	DE
Comcast Cable Communications, Inc.	DE
Comcast Cable Communications, Inc.	PA
Comcast Cable Funding, Inc.	DE
Comcast Cable Guide, Inc.	DE
Comcast Cable Investors, Inc.	DE
Comcast Cable of Indiana, Inc.	DE
Comcast Cable of Maryland, Inc.	DE
Comcast Cable Tri-Holdings, Inc.	DE
Comcast Cablevision Corporation of Alabama	AL
Comcast Cablevision Corporation of California	CA
Comcast Cablevision Corporation of Connecticut	CT
Comcast Cablevision Corporation of Florida	FL
Comcast Cablevision Corporation of the Southeast	FL
Comcast Cablevision Investment Corporation	DE
Comcast Cablevision of Arkansas, Inc.	DE
Comcast Cablevision of Birmingham, Inc.	DE
Comcast Cablevision of Boca Raton, Inc.	DE
Comcast Cablevision of Broward County, Inc.	DE
Comcast Cablevision of Bryant, Inc.	AR
Comcast Cablevision of Burlington County, Inc.	DE
Comcast Cablevision of Cambridge, Inc.	DE
Comcast Cablevision of Carolina, Inc.	SC
Comcast Cablevision of Central New Jersey, Inc.	DE
Comcast Cablevision of Chesterfield County, Inc.	VA
Comcast Cablevision of Clinton	MI
Comcast Cablevision of Clinton, Inc.	CT
Comcast Cablevision of Clinton, Inc.	MI
Comcast Cablevision of Danbury, Inc.	DE
Comcast Cablevision of Delmarva, Inc.	DE
Comcast Cablevision of Detroit	MI
Comcast Cablevision of Detroit, Inc.	MI
Comcast Cablevision of Dothan, Inc.	AL
Comcast Cablevision of Flint, Inc.	MI
Comcast Cablevision of Fontana, Inc.	DE
Comcast Cablevision of Fort Wayne Limited Partnership	IN
Comcast Cablevision of Gadsden, Inc.	AL
Comcast Cablevision of Garden State, Inc.	DE
Comcast Cablevision of Gloucester County, Inc.	DE

Comcast Cablevision of Grosse Pointe, Inc.	MI
Comcast Cablevision of Groton, Inc.	CT
Comcast Cablevision of Hallandale, Inc.	FL

Comcast Cablevision of Harford County, Inc.	MD
Comcast Cablevision of Hopewell Valley, Inc.	NJ
Comcast Cablevision of Howard County, Inc.	MD
Comcast Cablevision of Huntsville, Inc.	AL
Comcast Cablevision of Indianapolis, Inc.	DE
Comcast Cablevision of Indianapolis, L.P.	DE
Comcast Cablevision of Inkster Limited Partnership	MI
Comcast Cablevision of Inland Valley, Inc.	DE
Comcast Cablevision of Jersey City, Inc.	NJ
Comcast Cablevision of Laurel, Inc.	MS
Comcast Cablevision of Lawrence, Inc.	NJ
Comcast Cablevision of Little Rock, Inc.	AR
Comcast Cablevision of Lompoc, Inc.	DE
Comcast Cablevision of London, Inc.	DE
Comcast Cablevision of Lower Merion, Inc.	PA
Comcast Cablevision of Macomb County, Inc.	MI
Comcast Cablevision of Macomb, Inc.	MI
Comcast Cablevision of Marianna, Inc.	DE
Comcast Cablevision of Maryland Limited Partnership	MD
Comcast Cablevision of Mercer County, Inc.	NJ
Comcast Cablevision of Meridian, Inc.	MS
Comcast Cablevision of Middletown, Inc.	DE
Comcast Cablevision of Mobile, Inc.	AL
Comcast Cablevision of Monmouth County, Inc.	DE
Comcast Cablevision of Mt. Clemens	MI
Comcast Cablevision of Mt. Clemens, Inc.	MI
Comcast Cablevision of New Haven, Inc.	CT
Comcast Cablevision of New Jersey, Inc.	NJ
Comcast Cablevision of Newport Beach, Inc.	DE
Comcast Cablevision of North Orange, Inc.	DE
Comcast Cablevision of Northwest New Jersey, Inc.	DE
Comcast Cablevision of Oakland County, Inc.	MI
Comcast Cablevision of Ocean County, Inc.	DE
Comcast Cablevision of Paducah, Inc.	KY
Comcast Cablevision of Panama City, Inc.	DE
Comcast Cablevision of Perry, Inc.	DE
Comcast Cablevision of Philadelphia, Inc.	PA
Comcast Cablevision of Philadelphia, L.P.	PA
Comcast Cablevision of Plainfield, Inc.	DE
Comcast Cablevision of Quincy, Inc.	DE
Sacramento Cable Television	CA
Comcast Cablevision of Sacramento, Inc.	DE
Comcast Cablevision of San Bernardino, Inc.	DE
Comcast Cablevision of Santa Ana, Inc.	DE
Comcast Cablevision of Santa Maria, Inc.	DE
Comcast Cablevision of Seal Beach, Inc.	DE
Comcast Cablevision of Shelby, Inc.	MI
Comcast Cablevision of Simi Valley, Inc.	DE

Comcast Cablevision of Southeast Michigan, Inc.	DE
Comcast Cablevision of Sterling Heights, Inc.	MI
Comcast Cablevision of Tallahassee, Inc.	DE
Comcast Cablevision of Taylor, Inc.	MI
Comcast Cablevision of the Meadowlands, Inc.	NJ
Comcast Cablevision of the Shoals, Inc.	AL
Comcast Cablevision of the South	CO
Comcast Cablevision of the South, Inc.	CO
Comcast Cablevision of Tupelo, Inc.	MS
Comcast Cablevision of Tuscaloosa, Inc.	AL
Comcast Cablevision of Utica, Inc.	MI
Comcast Cablevision of Warren	MI
Comcast Cablevision of Warren, Inc.	MI
Comcast Cablevision of West Florida, Inc.	DE
Comcast Cablevision of West Palm Beach, Inc.	DE
Comcast Cablevision of Westmoreland, Inc.	PA
Comcast Cablevision of Willow Grove, Inc.	PA
Comcast CAP of Philadelphia Holdings, Inc.	DE
Comcast Cellular Communications, Inc.	DE
Comcast Cellular Communications, Inc.	PA
Comcast Cellular Corporation	DE
Comcast Cellular Holding Company, Inc.	DE
Comcast Cellular Partnership Holding Company, Inc.	DE
Comcast Central Europe, Inc.	DE
Comcast Central NJ Holding Company Inc.	DE
Comcast CitySearch, Inc.	DE
Comcast Commercial Online Communications, Inc.	DE
Comcast Communications Properties, Inc.	DE
Comcast Consulting Company, Inc.	DE
Comcast Content & Communications Corporation	DE
Comcast Crystalvision, Inc.	DE
Comcast Darlington Limited	UK
Comcast DBS, Inc.	DE
Comcast DC Radio, Inc.	DE
Comcast Delaware Services, Inc.	DE
Comcast Directory Assistance Partnership	DE
Comcast Directory Services, Inc.	DE
Comcast do Brasil S/C Ltda.	Brazil
Comcast Entertainment Holdings LLC	DE
Comcast Europe Holdings, Inc.	DE
Comcast FCI, Inc.	DE
Comcast Financial Agency Corporation	DE
Comcast Financial Corporation	DE
Comcast Florida Programming Investments, Inc.	DE
Comcast France Holdings, Inc.	DE
Comcast Funding, Inc.	DE
Comcast FW, Inc.	DE

Comcast Garden State, Inc.	DE
Comcast Hattiesburg Holding Company, Inc.	DE
Comcast Heritage, Inc.	DE
Comcast Holdings, Inc.	DE
Comcast IAP, Inc.	DE
Comcast ICG, Inc.	DE
Comcast International Holdings, Inc.	DE
Comcast International Programming, Inc.	DE
Comcast Internet Access Services, Inc.	DE
Comcast Internet Investments I, Inc.	DE
Comcast Internet Services, Inc.	DE
Comcast Investment Holdings, Inc.	DE
Comcast ISD, Inc.	DE
Comcast Java, Inc.	DE
Comcast Learning Ventures, Inc.	DE
Comcast LMDS Communications, Inc.	DE
Comcast Long Distance, Inc.	DE
Comcast Merger, Inc.	AL
Comcast Mexico, Inc.	DE
Comcast MH Business Online Communications, Inc.	DE
Comcast MH Holdings, Inc.	DE
Comcast MH Online Communications, Inc.	DE
Comcast MH Telephony Communications of Florida, Inc.	FL
Comcast MH Telephony Communications of Michigan, Inc.	MI
Comcast MH Telephony Communications of New Jersey, Inc.	NJ
Comcast MHCP Holdings, L.L.C	DE
Comcast Michigan Holdings, Inc.	MI
Comcast Midwest Management, Inc.	DE
Comcast MLP Partner, Inc.	PA
Comcast MTV, Inc.	DE
Comcast Multicable Media, Inc.	DE
Comcast Network Communications of Southern New Jersey, Inc.	DE
Comcast Network Communications, Inc.	DE
Comcast Online Communications, Inc.	DE
Comcast Online Holdings, Inc.	DE
Comcast PC Communications, Inc.	DE
Comcast PC Investments, Inc.	DE
Comcast PCS Communications, Inc.	DE
Comcast Philadelphia Interconnect Partner, Inc.	DE
Comcast Programming Holdings, Inc.	DE
Comcast Programming Ventures, Inc.	DE
Comcast Publishing Holdings Corporation	PA
Comcast Publishing Holdings Financial Corporation	DE
Comcast QVC, Inc.	DE
Comcast Real Estate Holdings of Alabama, Inc.	AL
Comcast Real Estate Holdings, Inc.	DE
Comcast RSA, Inc.	DE

Comcast RVC, Limited	UK
Comcast Satellite Communications, Inc.	DE
Comcast SCH Delaware Holdings, Inc.	DE
Comcast SCH Holdings, Inc.	CO
Comcast Sound Communications, Inc.	CO
Comcast Sound Communications, Inc.	IL
Comcast Sound Corporation	DE
Comcast Spectacor, L.P.	PA
Comcast Sports Holding Company, Inc.	DE
Comcast Storer Finance Sub, Inc.	DE
Comcast Storer, Inc.	DE
Comcast Technology, Inc.	DE
Comcast Teesside Limited	UK
Comcast Telecommunications, Inc.	PA
Comcast Telephony Communications Holdings, Inc.	DE
Comcast Telephony Communications of California, Inc.	CA
Comcast Telephony Communications of Connecticut, Inc.	CT
Comcast Telephony Communications of Delaware, Inc.	DE
Comcast Telephony Communications of Florida, Inc.	FL
Comcast Telephony Communications of Georgia, Inc.	GA
Comcast Telephony Communications of Indiana, Inc.	IN
Comcast Telephony Communications of Maryland, Inc.	MD
Comcast Telephony Communications of Michigan, Inc.	MI
Comcast Telephony Communications of New Jersey, Inc.	NJ
Comcast Telephony Communications of Pennsylvania, Inc.	PA
Comcast Telephony Communications of South Carolina, Inc.	SC
Comcast Telephony Communications, Inc.	DE
Comcast Telephony Services	DE
Comcast Telephony Services Holdings, Inc.	DE
Comcast Telephony Services II, Inc.	DE
Comcast Telephony Services, Inc.	DE
Comcast Teleport, Inc.	DE
Comcast TM, Inc.	DE
Comcast U.K. Consulting, Inc.	BVI
Comcast U.K. Holdings, Inc.	DE
Comcast UK Cable Partners Consulting, Inc.	BVI
Comcast UK Cable Partners Limited	Bermuda
Comcast UK Holdings Limited	Bermuda
Comcast UK Programming Limited	Bermuda
Comcast Venezuela PCS, Inc.	DE
Comcast WCS Communications, Inc.	DE
ComCon Entertainment Holdings, Inc.	DE
ComCon Production Services I, Inc.	CA
ComCon Production Services II, Inc.	CA
ComCon Production Services III, Inc.	CA
ComCon Production Services IV, Inc.	CA
CSNJ Merger Co., Inc.	NJ

CVN Companies, Inc.	MN
CVN Direct Marketing Corp.	MN
CVN Distribution Co., Inc.	MN
CVN Management, Inc.	MN
CVN Michigan, Inc.	MN
DCCS S.A.	Brazil
Deonica S.A.	Brazil
Diamonique Corporation	NJ
Diamonique Corporation	PA
Dinara S.A.	Brazil
E! Entertainment Television, Inc.	DE
E! Online, Inc.	DE
E! Online, LLC	CA
East Coast Cable Limited	UK
East Rutherford Realty, Inc.	NJ
ER Marks, Inc.	DE
Exclamation Music, Inc.	DE
EZShop International, Inc.	DE
First Television Corporation	DE
Florida Telecommunications Services, Inc.	FL
Hebcom Enterprises, Inc.	DE
Hebenstreit Communications Corporation	NM
Hebenstreit Communications Dallas Limited Partnership	NM
Hebenstreit Communications of Philadelphia-Wilmington Limited Partnership	NM
Innovative Retailing, Inc.	DE
Joliet Cellular Telephone Company, Inc.	IL
Liberty City Funding Corporation	FL
Long Branch Cellular Telephone Company	DE
M H Lightnet Inc.	DE
Mobile Enterprises, Inc.	DE
Mt. Clemens Cable TV Investors, Inc.	MI
MTCB S.A.	Brazil
Multicast do Brazil S.A.	Brazil
New Brunswick Cellular Telephone Company	DE
New England Microwave, Inc.	CT
New Hope Cable TV, Inc.	PA
Ocean County Cellular Telephone Company	WA
Pa-Thai Corporation	Thailand
Pattison Development, Inc.	PA
Pattison Realty, Inc.	PA
Philadelphia 76ers, Inc.	DE
Philadelphia 76ers, L.P.	DE
Philadelphia Cable Investment Corporation	DE
Philadelphia Flyers Enterprises Company	Nova Scotia
Philadelphia Phantoms, Inc.	PA
Philadelphia Phantoms, L.P.	PA
Philadelphia Sports Media Joint Venture	PA

Philadelphia Sports Media, Inc.	PA
Philadelphia Sports Media, L.P.	PA
Q Fit, Inc.	DE
Q The Music, Inc.	DE
Q2 Inc.	NY
QDirect Ventures, Inc.	DE
QExhibits, Inc.	DE
QFlight, Inc.	DE
QHealth, Inc.	DE
QVC	UK
QVC - QRT, Inc.	DE
QVC Britain	UK
QVC Britain I, Inc.	DE
QVC Britain II, Inc.	DE
QVC Britain III, Inc.	DE
QVC Canada Holdings II Ltd.	Ontario
QVC Canada Holdings Ltd.	Ontario
QVC Chesapeake, Inc.	VA
QVC de Mexico de C.V.	Mexico
QVC Delaware, Inc.	DE
QVC Deutschland GMBH	Germany
QVC EV-SERVICE GmbH	Germany
QVC Germany I, Inc.	DE
QVC Germany II, Inc.	DE
QVC Holdings, Inc.	DE
QVC International, Inc.	DE
QVC Local, Inc.	DE
QVC Mexico II, Inc.	DE
QVC Mexico III, Inc.	DE
QVC Mexico, Inc.	DE
QVC Middle East, Inc.	DE
QVC Network of Colorado, Inc.	CO
QVC NS Holding Company	Nova Scotia
QVC of Thailand, Inc.	DE
QVC ProductWorks, Inc.	DE
QVC Realty, Inc.	PA
QVC San Antonio, Inc.	TX
QVC Virginia, Inc.	VA
QVC, Inc.	DE
Sacramento Cable Television	CA
SCI 11, Inc.	DE
SCI 34, Inc.	DE
SCI 36, Inc.	DE
SCI 37, Inc.	DE
SCI 38, Inc.	DE
SCI 39, Inc.	DE
SCI 48, Inc.	DE

SCI 55, Inc.	DE
Selkirk Communications (Delaware) Corporation	DE
Selkirk Systems, Inc.	FL
Southern East Anglia Cable Limited	UK
Spectacor Adjoining Real Estate New Arena, L.P.	PA
Spectrum Arena Limited Partnership	PA
Storer Administration, Inc.	DE
Storer Cable TV of Radnor, Inc.	PA
Storer Communications, Inc.	DE
Storer Disbursements, Inc.	FL
Vineland Cellular Telephone Company, Inc.	DE
Westmoreland Financial Corporation	DE
Wilmington Cellular Telephone Company	DE

INDEPENDENT AUDITORS' CONSENT AND REPORT ON SCHEDULES

To the Board of Directors and Stockholders
Comcast Corporation
Philadelphia, Pennsylvania

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 27, 1998, appearing in the Annual Report on Form 10-K of Comcast Corporation and its subsidiaries for the year ended December 31, 1997.

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	33-50785
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 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
February 27, 1998
Philadelphia, Pennsylvania

Consent of Independent Auditors

The Board of Directors
QVC, Inc.:

We consent to the incorporation by reference in the registration statements (Nos. 33-41440, 33-63223, 33-54365, 33-25105, 33-56903, 333-08577, and 333-18715) on Form S-8 and (Nos. 33-50785 and 333-06161) on Form S-3 of Comcast Corporation of our report dated January 30, 1998, with respect to the consolidated balance sheets of QVC, Inc. and subsidiaries as of December 31, 1997 and 1996, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the years in the two year period ended December 31, 1997 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, 1997.

/s/ KPMG Peat Marwick LLP

Philadelphia, Pennsylvania
February 27, 1998

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-31-1997
DEC-31-1997
414
164
614
(115)
324
1,560
4,285
(1,389)
12,804
1,418
6,559
513
32
358
744
12,804
4,913
4,913
(1,270)
(4,381)
(330)
0
(565)
(229)
(56)
(209)
0
(30)
0
(239)
(.75)
(.75)

loss before income tax expense and other items excludes the effect of
minority interests, net of tax, of $76.2.

Independent Auditors' Report

The Board of Directors
QVC, Inc.:

We have audited the accompanying consolidated balance sheets of QVC, Inc. and subsidiaries as of December 31, 1997 and 1996, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the years in the two year period ended December 31, 1997 and for the eleven-month period ended December 31, 1995. 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, 1997 and 1996, and the results of their operations and their cash flows for each of the years in the two year period ended December 31, 1997 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 30, 1998