

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

FORM 10-Q

(Mark One)

- (X) Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the Quarterly Period Ended:
JUNE 30, 2001
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

[GRAPHIC OMITTED - LOGO]

COMCAST CORPORATION
(Exact name of registrant as specified in its charter)

PENNSYLVANIA

23-1709202

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

1500 Market Street, Philadelphia, PA 19102-2148

(Address of principal executive offices)
(Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such requirements for the past 90 days.

Yes X

No

As of June 30, 2001, there were 914,229,411 shares of Class A Special Common Stock, 21,829,422 shares of Class A Common Stock and 9,444,375 shares of Class B Common Stock outstanding.

COMCAST CORPORATION AND SUBSIDIARIES
FORM 10-Q
QUARTER ENDED JUNE 30, 2001

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This Quarterly Report on Form 10-Q is for the three months ended June 30, 2001. This Quarterly Report modifies and supersedes documents filed prior to this Quarterly Report. The SEC allows us to "incorporate by reference" information that we file with them, which means that we can disclose important information to you by referring you directly to those documents. Information incorporated by reference is considered to be part of this Quarterly Report. In addition, information that we file with the SEC in the future will automatically update and supersede information contained in this Quarterly Report. In this Quarterly Report, "Comcast," "we," "us" and "our" refer to Comcast Corporation and its subsidiaries.

You should carefully review the information contained in this Quarterly Report and in other reports or documents that we file from time to time with the SEC. In this Quarterly Report, we state our beliefs of future events and of our future financial performance. In some cases, you can identify those so-called "forward-looking statements" by words such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential," or "continue" or the negative of those words and other comparable words. You should be aware that those statements are only our predictions. Actual events or results may differ materially. In evaluating those statements, you should specifically consider various factors, including the risks outlined below. Those factors may cause our actual results to differ materially from any of our forward-looking statements.

Factors Affecting Future Operations

We have acquired and we anticipate acquiring cable communications systems in new communities in which we do not have established relationships with the franchising authority, community leaders and cable subscribers. Further, a substantial number of new employees are being and must continue to be integrated into our business practices and operations. Our results of operations may be significantly affected by our ability to efficiently and effectively manage these changes.

In addition, our businesses may be affected by, among other things:

- o changes in laws and regulations,
- o changes in the competitive environment,
- o changes in technology,
- o industry consolidation and mergers,
- o franchise related matters,
- o market conditions that may adversely affect the availability of debt and equity financing for working capital, capital expenditures or other purposes,
- o demand for the programming content we distribute or the willingness of other video program distributors to carry our content, and
- o general economic conditions.

COMCAST CORPORATION AND SUBSIDIARIES
FORM 10-Q
QUARTER ENDED JUNE 30, 2001

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED BALANCE SHEET
(Unaudited)

(Dollars in millions, except share data)

	June 30, 2001	December 31, 2000
	-----	-----
ASSETS		

CURRENT ASSETS		
Cash and cash equivalents.....	\$745.9	\$651.5
Investments.....	1,928.7	3,059.7
Accounts receivable, less allowance for doubtful accounts of \$150.3 and \$141.7.....	828.8	891.9
Inventories, net.....	471.8	438.5
Other current assets.....	186.3	102.8
	-----	-----
Total current assets.....	4,161.5	5,144.4
	-----	-----
INVESTMENTS.....	2,844.6	2,661.9
	-----	-----
PROPERTY AND EQUIPMENT.....	8,290.6	6,799.2
Accumulated depreciation.....	(1,818.3)	(1,596.5)
	-----	-----
Property and equipment, net.....	6,472.3	5,202.7
	-----	-----
DEFERRED CHARGES.....	30,434.5	26,865.9
Accumulated amortization.....	(5,272.2)	(4,130.4)
	-----	-----
Deferred charges, net.....	25,162.3	22,735.5
	-----	-----
	\$38,640.7	\$35,744.5
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		

CURRENT LIABILITIES		
Accounts payable and accrued expenses.....	\$3,116.0	\$2,852.9
Accrued interest.....	143.3	105.5
Deferred income taxes.....	225.8	789.9
Current portion of long-term debt.....	548.0	293.9
	-----	-----
Total current liabilities.....	4,033.1	4,042.2
	-----	-----
LONG-TERM DEBT, less current portion.....	11,450.7	10,517.4
	-----	-----
DEFERRED INCOME TAXES.....	6,426.2	5,786.7
	-----	-----
MINORITY INTEREST AND OTHER.....	1,670.2	1,257.2
	-----	-----
COMMITMENTS AND CONTINGENCIES (NOTE 9)		
COMMON EQUITY PUT OPTIONS.....		54.6
	-----	-----
STOCKHOLDERS' EQUITY		
Preferred stock - authorized, 20,000,000 shares 5.25% series B mandatorily redeemable convertible, \$1,000 par value; issued, zero and 59,450 at redemption value.....		59.5
Class A special common stock, \$1 par value - authorized, 2,500,000,000 shares; issued, 937,554,322 and 931,340,103; outstanding, 914,229,411 and 908,015,192.....	914.2	908.0
Class A common stock, \$1 par value - authorized, 200,000,000 shares; issued, 21,829,422 and 21,832,250.....	21.8	21.8
Class B common stock, \$1 par value - authorized, 50,000,000 shares; issued, 9,444,375.....	9.4	9.4
Additional capital.....	11,747.5	11,598.8
Retained earnings.....	2,075.8	1,056.5
Accumulated other comprehensive income.....	291.8	432.4
	-----	-----
Total stockholders' equity.....	15,060.5	14,086.4
	-----	-----
	\$38,640.7	\$35,744.5
	=====	=====

See notes to condensed consolidated financial statements.

COMCAST CORPORATION AND SUBSIDIARIES
FORM 10-Q
QUARTER ENDED JUNE 30, 2001
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS AND
RETAINED EARNINGS (ACCUMULATED DEFICIT)
(Unaudited)

	(Amounts in millions, except per share data) Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
REVENUES				
Service revenues.....	\$1,422.5	\$1,141.5	\$2,734.6	\$2,259.4
Net sales from electronic retailing.....	876.0	770.6	1,760.0	1,591.6
	2,298.5	1,912.1	4,494.6	3,851.0
COSTS AND EXPENSES				
Operating.....	672.2	529.0	1,312.5	1,077.9
Cost of goods sold from electronic retailing.....	555.2	488.2	1,111.8	1,015.2
Selling, general and administrative.....	370.7	292.1	729.0	568.2
Depreciation.....	250.9	204.8	472.2	376.7
Amortization.....	582.8	429.6	1,102.9	803.4
	2,431.8	1,943.7	4,728.4	3,841.4
OPERATING INCOME (LOSS).....	(133.3)	(31.6)	(233.8)	9.6
OTHER INCOME (EXPENSE)				
Interest expense.....	(176.2)	(163.2)	(358.5)	(331.8)
Investment income.....	502.7	314.8	717.4	959.4
Income (expense) related to indexed debt.....		289.5		(398.0)
Equity in net losses of affiliates.....	(9.5)	(1.1)	(6.6)	(4.0)
Other income (expense).....	(6.3)	2.2	1,187.9	(8.6)
	310.7	442.2	1,540.2	217.0
INCOME BEFORE INCOME TAXES, MINORITY INTEREST, EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE.....	177.4	410.6	1,306.4	226.6
INCOME TAX EXPENSE.....	(103.8)	(185.1)	(589.4)	(153.3)
INCOME BEFORE MINORITY INTEREST, EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE.....	73.6	225.5	717.0	73.3
MINORITY INTEREST.....	(36.9)	(26.7)	(63.6)	(60.9)
INCOME BEFORE EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE.....	36.7	198.8	653.4	12.4
EXTRAORDINARY ITEMS.....	(1.5)	(11.1)	(1.5)	(16.2)
CUMULATIVE EFFECT OF ACCOUNTING CHANGE.....			384.5	
NET INCOME (LOSS).....	35.2	187.7	1,036.4	(3.8)
PREFERRED DIVIDENDS.....		(7.6)		(15.1)
NET INCOME (LOSS) FOR COMMON STOCKHOLDERS.....	\$35.2	\$180.1	\$1,036.4	(\$18.9)
RETAINED EARNINGS (ACCUMULATED DEFICIT)				
Beginning of period.....	\$2,040.6	(\$975.9)	\$1,056.5	(\$619.8)
Net income (loss).....	35.2	187.7	1,036.4	(3.8)
Retirement of common stock.....		(90.0)	(17.1)	(254.6)
End of period.....	\$2,075.8	(\$878.2)	\$2,075.8	(\$878.2)
BASIC EARNINGS (LOSS) FOR COMMON STOCKHOLDERS PER COMMON SHARE				
Income before extraordinary items and cumulative effect of accounting change.....	\$0.04	\$0.21	\$0.69	
Extraordinary items.....		(0.01)		(\$0.02)
Cumulative effect of accounting change.....			0.40	
Net income (loss).....	\$0.04	\$0.20	\$1.09	(\$0.02)
BASIC WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING.....	951.1	909.8	948.2	873.2
DILUTED EARNINGS (LOSS) FOR COMMON STOCKHOLDERS PER COMMON SHARE				
Income before extraordinary items and cumulative effect of accounting change.....	\$0.04	\$0.20	\$0.67	
Extraordinary items.....		(0.01)		(\$0.02)
Cumulative effect of accounting change.....			0.40	
Net income (loss).....	\$0.04	\$0.19	\$1.07	(\$0.02)
DILUTED WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING.....	965.6	974.7	965.3	873.2

COMCAST CORPORATION AND SUBSIDIARIES
FORM 10-Q
QUARTER ENDED JUNE 30, 2001
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	(Dollars in millions)	
	Six Months Ended June 30, 2001	2000
	-----	-----
OPERATING ACTIVITIES		
Net income (loss).....	\$1,036.4	(\$3.8)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation.....	472.2	376.7
Amortization.....	1,102.9	803.4
Non-cash interest (income) expense, net.....	23.8	(25.4)
Non-cash expense related to indexed debt.....		398.0
Equity in net losses of affiliates.....	6.6	4.0
Gains on investments and other income, net.....	(1,875.5)	(863.2)
Minority interest.....	63.6	60.9
Extraordinary items.....	1.5	16.2
Cumulative effect of accounting change.....	(384.5)	
Deferred income taxes and other.....	(112.5)	(109.7)
	-----	-----
	334.5	657.1
Changes in working capital.....	375.0	(483.4)
	-----	-----
Net cash provided by operating activities.....	709.5	173.7
	-----	-----
FINANCING ACTIVITIES		
Proceeds from borrowings.....	4,554.7	188.8
Retirements and repayments of debt.....	(3,206.4)	(1,078.3)
Issuances of common stock and sales of put options on common stock.....	20.2	21.5
Repurchases of common stock.....		(219.6)
Deferred financing costs.....	(22.5)	
	-----	-----
Net cash provided by (used in) financing activities.....	1,346.0	(1,087.6)
	-----	-----
INVESTING ACTIVITIES		
Acquisitions, net of cash acquired.....	(872.8)	(83.8)
(Purchases) sales of short-term investments, net.....	(135.5)	867.4
Purchases of investments.....	(175.7)	(348.7)
Proceeds from sales of investments.....	505.6	983.8
Capital expenditures.....	(1,158.9)	(608.0)
Additions to deferred charges.....	(123.8)	(166.7)
	-----	-----
Net cash (used in) provided by investing activities.....	(1,961.1)	644.0
	-----	-----
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	94.4	(269.9)
CASH AND CASH EQUIVALENTS, beginning of period.....	651.5	922.2
	-----	-----
CASH AND CASH EQUIVALENTS, end of period.....	\$745.9	\$652.3
	=====	=====

See notes to condensed consolidated financial statements.

COMCAST CORPORATION AND SUBSIDIARIES
FORM 10-Q
QUARTER ENDED JUNE 30, 2001
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Basis of Presentation

Comcast Corporation and its subsidiaries (the "Company") has prepared these unaudited condensed consolidated financial statements based upon Securities and Exchange Commission rules that permit reduced disclosure for interim periods.

These financial statements include all adjustments that are necessary for a fair presentation of the Company's results of operations and financial condition for the interim periods shown including normal recurring accruals and other items. The results of operations for the interim periods presented are not necessarily indicative of results for the full year.

For a more complete discussion of the Company's accounting policies and certain other information, refer to the financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2000.

2. ADOPTION OF NEW ACCOUNTING STANDARD

SFAS No. 133, As Amended

On January 1, 2001, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended. SFAS No. 133 establishes accounting and reporting standards for derivatives and hedging activities. SFAS No. 133 requires that all derivative instruments be reported on the balance sheet at their fair values.

For derivative instruments designated and effective as fair value hedges, changes in the fair value of the derivative instrument will be substantially offset in the statement of operations by changes in the fair value of the hedged item. For derivative instruments designated as cash flow hedges, the effective portion of any hedge is reported in other comprehensive income until it is recognized in earnings during the same period in which the hedged item affects earnings. The ineffective portion of all hedges will be recognized in current earnings each period. Changes in the fair value of derivative instruments that are not designated as a hedge will be recorded each period in current earnings.

Upon adoption of SFAS No. 133, the Company recognized as income a cumulative effect of accounting change, net of related income taxes, of \$384.5 million and a cumulative decrease in other comprehensive income, net of related income taxes, of \$127.0 million.

The increase in income consisted of a \$400.2 million adjustment to record the debt component of indexed debt at a discount from its value at maturity (see Note 6) and \$191.3 million principally related to the reclassification of gains previously recognized as a component of accumulated other comprehensive income on the Company's equity derivative instruments, net of related deferred income taxes.

The decrease in other comprehensive income consisted principally of the reclassification of the gains noted above.

3. EARNINGS (LOSS) PER SHARE

Earnings (loss) for common stockholders per common share is computed by dividing net income (loss), after deduction of preferred stock dividends, when applicable, by the weighted average number of common shares outstanding during the period on a basic and diluted basis.

The following table reconciles the numerator and denominator of the computations of diluted earnings (loss) for common stockholders per common share ("Diluted EPS") for the interim periods presented.

COMCAST CORPORATION AND SUBSIDIARIES
FORM 10-Q
QUARTER ENDED JUNE 30, 2001
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

	(Amounts in millions, except per share data)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
Net income (loss) for common stockholders.....	\$35.2	\$180.1	\$1,036.4	(\$18.9)
Preferred dividends.....		7.6		
Net income (loss) for common stockholders used for Diluted EPS.....	\$35.2	\$187.7	\$1,036.4	(\$18.9)
Basic weighted average number of common shares outstanding.....	951.1	909.8	948.2	873.2
Dilutive securities:				
Series B convertible preferred stock.....		42.5	2.1	
Stock option and restricted stock plans.....	14.5	22.2	15.0	
Put options on Class A Special Common Stock.....		0.2		
Diluted weighted average number of common shares outstanding.....	965.6	974.7	965.3	873.2
Diluted earnings (loss) for common stockholders per common share.....	\$.04	\$.19	\$1.07	(\$.02)

The Company sold put options on its Class A Special Common Stock during the six months ended June 30, 2000 (see Note 7). These put options were excluded from the computation of Diluted EPS for the interim periods during which the options' exercise price was less than the average market price of the Company's Class A Special Common Stock.

In December 2000 and January 2001, the Company issued \$1.478 billion aggregate principal amount at maturity of Zero Coupon Convertible Debentures due 2020 (the "Zero Coupon Debentures" - see Note 6). The Zero Coupon Debentures may be converted at any time prior to maturity if the closing sale price of the Company's Class A Special Common Stock is greater than 110% of the accreted conversion price (as defined). The Zero Coupon Debentures were excluded from the computation of Diluted EPS for the interim periods in 2001 as the weighted average closing sale price of the Company's Class A Special Common Stock was not greater than 110% of the accreted conversion price.

Potentially dilutive securities related to the Company's Series B convertible preferred stock, stock options and restricted stock plans were excluded from the computation of Diluted EPS for the six months ended June 30, 2000 because their effect on loss for common stockholders per common share was antidilutive.

4. ACQUISITIONS AND OTHER SIGNIFICANT EVENTS

Adelphia Cable Systems Exchange

On January 1, 2001, the Company completed its cable systems exchange with Adelphia Communications Corporation ("Adelphia"). The Company received cable systems serving approximately 445,000 subscribers from Adelphia and Adelphia received certain of the Company's cable systems serving approximately 441,000 subscribers. The Company recorded to other income a pre-tax gain of \$1.199 billion representing the difference between the estimated fair value as of the closing date of the transaction and the Company's cost basis in the systems exchanged.

COMCAST CORPORATION AND SUBSIDIARIES
FORM 10-Q
QUARTER ENDED JUNE 30, 2001
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

Home Team Sports Acquisition

On February 14, 2001, the Company acquired Home Team Sports (now known as Comcast SportsNet - MidAtlantic), a regional sports programming network serving approximately 4.8 million homes in the Mid-Atlantic region, from Viacom, Inc. ("Viacom") and Affiliated Regional Communications, Ltd. (an affiliate of Fox Cable Network Services, LLC ("Fox")). The Company agreed to increase the distribution of certain of Viacom's and Fox's programming networks on certain of the Company's cable systems. The estimated fair value of Home Team Sports as of the closing date of the acquisition was \$240.0 million.

AT&T Cable Systems Acquisition

On April 30, 2001, the Company acquired cable systems serving approximately 585,000 subscribers from AT&T Corp. ("AT&T") in exchange for approximately 63.9 million shares of AT&T common stock then held by the Company. The market value of the AT&T shares was approximately \$1.423 billion, based on the price of the AT&T common stock on the closing date of the transaction. Under the terms of the agreement between the Company and AT&T, however, approximately 39.6 million shares of the AT&T common stock included in the exchange were valued at \$54.41 per share for purposes of the exchange. The transaction is expected to qualify as tax free to both the Company and to AT&T.

Acquisition of Controlling Interest in the Golf Channel

On June 8, 2001, the Company acquired the approximate 30.8% interest in The Golf Channel ("TGC") held by Fox Entertainment Group, Inc. ("Fox Entertainment"), a subsidiary of The News Corporation Limited ("News Corp."). In addition, Fox and News Corp. agreed to a five-year non-competition agreement. The Company paid aggregate consideration of \$364.9 million in cash. The Company previously accounted for TGC under the equity method. The Company now owns approximately 91.0% of TGC and consolidates TGC.

Baltimore, Maryland System Acquisition

On June 30, 2001, the Company acquired the cable system serving approximately 112,000 subscribers in Baltimore, Maryland from AT&T for \$518.7 million in cash. The purchase price is subject to adjustment.

The Company accounted for the acquisitions under the purchase method of accounting. As such, the Company's results include the operating results of the acquired businesses from the dates of acquisition. The Company's cable systems exchange with Adelphia, the Home Team Sports acquisition and the AT&T cable systems acquisition had no significant impact on the Company's statement of cash flows during 2001 due to their noncash nature. The allocations of the purchase price for the 2001 acquisitions are preliminary pending completion of final appraisals (see Note 8).

Option to Acquire Outdoor Life Network

In May 2001, the Company entered into an agreement with Fox Entertainment in which the Company obtained an option to acquire from Fox Entertainment the approximate 83.2% interest in Outdoor Life Network ("OLN") not previously owned by the Company. In connection with the transaction and to facilitate Fox Entertainment's acquisition of the other minority interests in OLN, the Company agreed to loan Fox Entertainment up to \$400 million on a short-term basis on terms that the Company believes represent an arm's-length basis. The loan, together with accrued interest on the loan, may be applied against the purchase price at closing. If the option is exercised, the Company will own 100% of OLN and will consolidate OLN.

Unaudited Pro Forma Information

The following unaudited pro forma information has been presented as if the acquisitions and cable systems exchanges made by the Company in 2001 and 2000 each occurred on January 1, 2000. For a discussion of the Company's 2000 acquisitions and cable systems exchange, refer to the financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2000. This information is based on historical results of operations and has been adjusted for acquisition costs. This information is not necessarily indicative of what the results would have been had the Company operated the entities acquired since January 1, 2000.

COMCAST CORPORATION AND SUBSIDIARIES
FORM 10-Q
QUARTER ENDED JUNE 30, 2001
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

	(Amounts in millions, except per share data) Six Months Ended June 30,	
	2001	2000
	-----	-----
Revenues.....	\$4,688.1	\$4,302.3
Income (loss) before extraordinary items and cumulative effect of accounting change.....	\$645.1	(\$211.0)
Net income (loss).....	\$1,028.1	(\$227.2)
Diluted EPS.....	\$1.07	(\$.26)

5. INVESTMENTS

	June 30, 2001	December 31, 2000
	-----	-----
	(Dollars in millions)	
Fair value method		
AT&T Corp.....	\$1,837.3	\$1,174.3
Sprint Corp. PCS Group.....	2,156.9	2,149.8
Other.....	316.6	1,873.0
	-----	-----
	4,310.8	5,197.1
Cost method.....	300.4	128.4
Equity method.....	162.1	396.1
	-----	-----
Total investments.....	4,773.3	5,721.6
Less, current investments.....	1,928.7	3,059.7
	-----	-----
Non-current investments.....	\$2,844.6	\$2,661.9
	=====	=====

Fair Value Method

The Company holds unrestricted equity investments in certain publicly traded companies which it accounts for as available for sale or trading securities. The unrealized pre-tax gains on available for sale investments as of June 30, 2001 and December 31, 2000 of \$479.6 million and \$707.1 million, respectively, have been reported in the Company's balance sheet principally as a component of accumulated other comprehensive income, net of related deferred income taxes of \$167.9 million and \$240.0 million, respectively.

In June 2001, the Company and AT&T entered into an Amended and Restated Share Issuance Agreement (the "Share Issuance Agreement"). AT&T issued to the Company approximately 80.3 million unregistered shares of AT&T common stock and the Company agreed to settle its right under a previous agreement (the "Share Exchange Agreement") to exchange an aggregate 31.2 million Excite@Home shares and warrants held by the Company for shares of AT&T common stock. The Company has registration rights, subject to customary restrictions, which allow the Company to require AT&T to register the AT&T shares received. Under the terms of the Share Issuance Agreement, the Company retained the Excite@Home shares and warrants held by it. The Company recorded to investment income a pre-tax gain of \$296.3 million, representing the fair value on the closing date of the transaction of the increased consideration received by the Company to settle its right under the Share Exchange Agreement.

Derivatives

The Company uses derivative financial instruments to manage its exposure to fluctuations in interest rates, securities prices and certain foreign currencies. The Company also invests in businesses, to some degree, through the purchase of equity call option or call warrant agreements.

COMCAST CORPORATION AND SUBSIDIARIES
FORM 10-Q
QUARTER ENDED JUNE 30, 2001
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

The unrealized pre-tax losses on cash flow hedges as of June 30, 2001 of \$2.6 million have been reported in the Company's balance sheet as a component of accumulated other comprehensive income, net of related deferred income taxes of \$0.9 million.

Investment Income

Investment income for the interim periods includes the following (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
Interest and dividend income.....	\$17.4	\$45.2	\$35.0	\$105.3
Gains on sales and exchanges of investments.....	448.0	272.1	459.6	861.5
Investment impairment losses.....	(45.0)	(2.5)	(939.1)	(7.4)
Reclassification of unrealized gains.....			1,092.4	
Unrealized gain on Sprint PCS common stock.....	392.4		265.6	
Mark to market adjustments on derivatives related to Sprint PCS common stock.....	(317.9)		(191.5)	
Mark to market adjustments on derivatives and hedged items.....	7.8		(4.6)	
Investment income.....	<u>\$502.7</u>	<u>\$314.8</u>	<u>\$717.4</u>	<u>\$959.4</u>

The investment impairment loss for the six months ended June 30, 2001 relates principally to an other than temporary decline in the Company's investment in AT&T, a portion of which was exchanged on April 30, 2001 (see Note 4).

The Company reclassified its investment in Sprint PCS from an available for sale security to a trading security in connection with the adoption of SFAS No. 133. In connection with this reclassification, the Company recorded to investment income the accumulated unrealized gain of \$1.092 billion on the Company's investment in Sprint PCS which was previously recorded as a component of accumulated other comprehensive income.

6. LONG-TERM DEBT

Senior Notes Offerings

Comcast Cable Communications, Inc. ("Comcast Cable"), a wholly owned subsidiary of the Company, sold an aggregate of \$3.0 billion of public debt during the six months ended June 30, 2001 consisting of the following (dollars in millions):

Issue Date	Amount	Rate	Maturity
January 2001	\$500.0	6.375%	2006
January 2001	1,000.0	6.75%	2011
May/June 2001	750.0	6.875%	2009
May/June 2001	750.0	7.125%	2013
Total	<u>\$3,000.0</u>		

Comcast Cable used substantially all of the net proceeds from the offerings to repay a portion of the amounts outstanding under its commercial paper program, revolving credit facility and notes payable to affiliates, and to fund acquisitions.

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Zero Coupon Convertible Debentures

In December 2000, the Company issued \$1.285 billion principal amount at maturity of Zero Coupon Debentures for proceeds of \$1.002 billion. In January 2001, the Company issued an additional \$192.8 million principal amount at maturity of Zero Coupon Debentures for proceeds of \$150.3 million. The Company used substantially all of the net proceeds from the offering to repay a portion of the amounts outstanding under Comcast Cable's commercial paper program and revolving credit facility.

ZONES

At maturity, holders of the Company's 2.0% Exchangeable Subordinated Debentures due 2029 (the "ZONES") are entitled to receive in cash an amount equal to the higher of the principal amount of the ZONES or the market value of Sprint PCS common stock.

Prior to maturity, each ZONES is exchangeable at the holders' option for an amount of cash equal to 95% of the market value of Sprint PCS Stock. As of June 30, 2001, the number of Sprint PCS shares held by the Company exceeded the number of ZONES outstanding.

As of June 30, 2001 and December 31, 2000, long-term debt includes \$1.593 billion and \$1.807 billion, respectively, of ZONES. Upon adoption of SFAS No. 133, the Company split the ZONES into their derivative and debt components. In connection with the adoption of SFAS No. 133, the Company recorded the debt component of the ZONES at a discount from its value at maturity resulting in a reduction in the outstanding balance of the ZONES of \$400.2 million (see Note 2).

The Company recorded the increase in the fair value of the derivative component of the ZONES (see Note 5) and the increase in the carrying value of the debt component of the ZONES as follows (in millions):

	Three Months Ended June 30, 2001 -----	Six Months Ended June 30, 2001 -----
Increase in derivative component to investment income.....	\$245.0	\$175.6
Increase in debt component to interest expense.....	\$5.5	\$11.0

Extraordinary Items

Extraordinary items during the interim periods consist of unamortized debt issue costs and debt extinguishment costs, net of related tax benefits, expensed principally in connection with the redemption and retirement of certain indebtedness.

Interest Rates

As of June 30, 2001 and December 31, 2000, the Company's effective weighted average interest rate on its long-term debt outstanding was 5.95% and 6.30%, respectively.

Lines and Letters of Credit

As of June 30, 2001, certain subsidiaries of the Company had unused lines of credit of \$3.878 billion under their respective credit facilities.

As of June 30, 2001, the Company and certain of its subsidiaries had unused irrevocable standby letters of credit totaling \$124.4 million to cover potential fundings under various agreements.

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7. STOCKHOLDERS' EQUITY

Board-Authorized Repurchase Programs

The Company repurchased approximately 2.7 million shares and 6.0 million shares, respectively, of its common stock for \$91.7 million and \$219.6 million, respectively, during the three and six months ended June 30, 2000.

Common Equity Put Options

The Company sold put options on 2.0 million shares of its Class A Special Common Stock during the six months ended June 30, 2000 in connection with the Company's repurchase programs. Put options on 0.7 million shares expired unexercised during the fourth quarter of 2000 while the remaining put options on 1.3 million shares expired unexercised during the six months ended June 30, 2001.

The Company reclassified \$54.6 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 upon expiration of the put options during 2001.

Conversion of Series B Preferred Stock

In March 2001, the Company issued approximately 4.2 million shares of its Class A Special Common Stock to the holder of the Company's Series B Preferred Stock in connection with the holder's election to convert the remaining \$59.5 million at redemption value of Series B Preferred Stock.

Comprehensive Income (Loss)

The Company's total comprehensive income (loss) for the interim periods was as follows (in millions):

	Three Months Ended June 30, 2001		Six Months Ended June 30, 2001	
	2001	2000	2001	2000
Net income (loss).....	\$35.2	\$187.7	\$1,036.4	(\$3.8)
Unrealized gains (losses) on marketable securities...	16.9	(2,068.4)	(132.2)	(3,059.4)
Unrealized losses on the effective portion of cash flow hedges.....	(0.5)		(1.7)	
Foreign currency translation gains (losses).....	2.7	(3.7)	(6.7)	(4.3)
Comprehensive income (loss).....	\$54.3	(\$1,884.4)	\$895.8	(\$3,067.5)
	=====	=====	=====	=====

8. STATEMENT OF CASH FLOWS - SUPPLEMENTAL INFORMATION

The fair values of the assets and liabilities acquired by the Company through noncash transactions during 2001 (see Note 4) are as follows (in millions):

Current assets.....	\$56.6
Property, plant & equipment.....	686.1
Deferred charges.....	2,755.8
Current liabilities.....	(37.0)

Net assets acquired.....	\$3,461.5
	=====

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The Company made cash payments for interest and income taxes during the interim periods as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
Interest.....	\$193.5	\$231.6	\$296.7	\$358.4
Income taxes.....	\$111.3	\$140.9	\$126.4	\$596.9

9. COMMITMENTS AND CONTINGENCIES

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 such actions is not expected to materially affect the financial position, results of operations or liquidity of the Company.

In connection with a license awarded to an affiliate, the Company is contingently liable in the event of nonperformance by the affiliate to reimburse a bank which has provided a performance guarantee. The amount of the performance guarantee is approximately \$200 million; however the Company's current estimate of the amount of future expenditures (principally in the form of capital expenditures) that will be made by the affiliate necessary to comply with the performance requirements will not exceed \$75 million.

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10. FINANCIAL DATA BY BUSINESS SEGMENT

The following represents the Company's significant business segments, "Cable" and "Commerce." The components of net income (loss) below operating income (loss) are not separately evaluated by the Company's management on a segment basis (dollars in millions).

	Cable -----	Commerce -----	Corporate and Other (1) -----	Total -----
Three Months Ended June 30, 2001 -----				
Revenues.....	\$1,255.5	\$876.0	\$167.0	\$2,298.5
Operating income (loss) before depreciation and amortization (2).....	549.7	159.8	(9.1)	700.4
Depreciation and amortization.....	733.0	36.8	63.9	833.7
Operating income (loss)	(183.3)	123.0	(73.0)	(133.3)
Interest expense.....	128.7	7.1	40.4	176.2
Capital expenditures.....	511.6	41.9	83.5	637.0
Six Months Ended June 30, 2001 -----				
Revenues.....	\$2,395.0	\$1,760.0	\$339.6	\$4,494.6
Operating income (loss) before depreciation and amortization (2).....	1,037.7	332.5	(28.9)	1,341.3
Depreciation and amortization.....	1,409.3	71.4	94.4	1,575.1
Operating income (loss).....	(371.6)	261.1	(123.3)	(233.8)
Interest expense.....	261.5	15.1	81.9	358.5
Capital expenditures.....	949.3	68.0	141.6	1,158.9
Three Months Ended June 30, 2000 -----				
Revenues.....	\$1,022.0	\$770.6	\$119.5	\$1,912.1
Operating income before depreciation and amortization (2).....	467.5	134.0	1.3	602.8
Depreciation and amortization.....	569.6	29.5	35.3	634.4
Operating income (loss).....	(102.1)	104.5	(34.0)	(31.6)
Interest expense.....	118.9	9.0	35.3	163.2
Capital expenditures.....	262.8	43.2	12.9	318.9
Six Months Ended June 30, 2000 -----				
Revenues.....	\$1,998.3	\$1,591.6	\$261.1	\$3,851.0
Operating income before depreciation and amortization (2).....	904.3	278.7	6.7	1,189.7
Depreciation and amortization.....	1,072.1	59.0	49.0	1,180.1
Operating income (loss).....	(167.8)	219.7	(42.3)	9.6
Interest expense.....	243.0	18.0	70.8	331.8
Capital expenditures.....	491.3	77.9	38.8	608.0
As of June 30, 2001 -----				
Assets.....	\$29,382.7	\$2,471.4	\$6,786.6	\$38,640.7
Long-term debt, less current portion.....	7,840.1	185.0	3,425.6	11,450.7
As of December 31, 2000 -----				
Assets.....	\$25,750.3	\$2,503.0	\$7,491.2	\$35,744.5
Long-term debt, less current portion.....	6,711.0	302.0	3,504.4	10,517.4

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- (1) Other includes segments not meeting certain quantitative guidelines for reporting including the Company's content and business communications operations as well as elimination entries related to the segments presented. Corporate and other assets consist primarily of the Company's investments (see Note 5).
- (2) Operating income (loss) before depreciation and amortization is commonly referred to in the Company's businesses as "operating cash flow (deficit)." 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 is the primary basis used by the Company's management to measure the operating performance of its businesses. 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.

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

Overview

We have grown significantly in recent years both through strategic acquisitions and growth in our existing businesses. We have historically met our cash needs for operations through our cash flows from operating activities. We have generally financed our cash requirements for acquisitions and capital expenditures through borrowings of long-term debt, sales of investments and from existing cash, cash equivalents and short-term investments.

We have acquired cable systems in new communities in which we do not have established relationships with the franchising authority, community leaders and cable subscribers. Further, a substantial number of new employees are being and must continue to be integrated into our business practices and operations. Our results of operations may be significantly affected by our ability to efficiently and effectively manage these changes.

General Developments of Business

Refer to Note 4 to our financial statements included in Item 1 for a discussion of our 2001 acquisitions and other significant events.

Liquidity and Capital Resources

The cable communications and the electronic retailing industry are experiencing increasing competition and rapid technological changes. Our future results of operations will be affected by our ability to react to changes in the competitive environment and by our ability to implement new technologies. We believe that competition and technological changes will not significantly affect our ability to obtain financing.

We believe that we will be able to meet our current and long-term liquidity and capital requirements, including fixed charges, through our cash flows from operating activities, existing cash, cash equivalents and investments, and through available borrowings under our existing credit facilities.

We have both the ability and intent to redeem the Zero Coupon Debentures with amounts available under subsidiary credit facilities if holders exercise their rights to require us to repurchase the Zero Coupon Debentures in December 2001. As of June 30, 2001, certain of our subsidiaries had unused lines of credit of \$3.878 billion under their respective credit facilities.

Refer to Note 6 to our financial statements included in Item 1 for a discussion of our Zero Coupon Debentures. Refer to Note 9 to our financial statements included in Item 1 for a discussion of our commitments and contingencies.

Cash, Cash Equivalents and Short-term Investments

We have traditionally maintained significant levels of cash, cash equivalents and short-term investments to meet our short-term liquidity requirements. Our cash equivalents and short-term investments are recorded at fair value. Cash, cash equivalents and short-term investments as of June 30, 2001 were \$2.675 billion, substantially all of which is unrestricted.

Investments

A significant portion of our investments are in publicly traded companies and are reflected at fair value which fluctuates with market changes.

We do not have any significant contractual funding commitments with respect to any of our investments. Our ownership interests in these investments may, however, be diluted if we do not fund our investees' non-binding capital calls. We continually evaluate our existing investments, as well as new investment opportunities.

Refer to Note 5 to our financial statements included in Item 1 for a discussion of our investments.

Capital Expenditures

We have accelerated our cable system rebuild program and have increased deployment of cable modems and digital converters to our customers. As a result, we currently expect to invest \$1.75 billion in capital expenditures for our cable operations in 2001, up from our previous estimate of \$1.45 billion, and we expect our consolidated capital expenditures for 2001 to increase from our previous estimate of \$1.65 billion to \$1.95 billion.

Financing

As of June 30, 2001 and December 31, 2000, our long-term debt, including current portion, was \$11.999 billion and \$10.811 billion, respectively.

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The \$1.188 billion increase from December 31, 2000 to June 30, 2001 results principally from the effects of our net borrowings, offset by the \$213.6 million aggregate reduction to the carrying value of our ZONES during 2001.

Excluding the effects of interest rate risk management instruments, 10.9% and 28.5% of our long-term debt as of June 30, 2001 and December 31, 2000, respectively, was at variable rates. The decrease from December 31, 2000 to June 30, 2001 in the percentage of our variable rate debt was due principally to the effects of our 2001 financings described below.

During 2001, our wholly owned subsidiary, Comcast Cable Communications, Inc. ("Comcast Cable") sold an aggregate of \$3.0 billion of senior notes with interest rates ranging from 6.375% to 7.125% and maturing between 2006 and 2013. In addition, in January 2001, we issued an additional \$192.8 million principal amount at maturity of our Zero Coupon Debentures. We used substantially all of the net proceeds from the offerings to repay a portion of the amounts outstanding under Comcast Cable's commercial paper program, revolving credit facility and notes payable to affiliates, and to fund acquisitions.

We have and may in the future, depending on certain factors including market conditions, make optional repayments on our debt obligations, which may include open market repurchases of our outstanding public notes and debentures.

Refer to Notes 6 and 7 to our financial statements included in Item 1 for a discussion of our 2001 financing activities.

Equity Price Risk

During 1999, we entered into cashless collar agreements (the "Equity Collars") covering \$1.365 billion notional amount of our Sprint PCS common stock which we account for at fair value. The Equity Collars limit our exposure to and benefits from price fluctuations in the Sprint PCS common stock. During the three months ended June 30, 2001, \$290.2 million notional amount of Equity Collars matured and we sold the related Sprint PCS common stock. The remaining \$1.075 billion notional amount of Equity Collars mature between 2001 and 2003. As we had accounted for the Equity Collars as a hedge, changes in the value of the Equity Collars were substantially offset by changes in the value of the Sprint PCS common stock which were also marked to market through accumulated other comprehensive income in our balance sheet through December 31, 2000.

In connection with the adoption of Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended on January 1, 2001, we reclassified our investment in Sprint PCS from an available for sale security to a trading security. During the three and six months ended June 30, 2001, the increase in the fair value of our investment in Sprint PCS common stock of \$392.4 million and \$265.6 million, respectively, was substantially offset by the decrease in the fair value of the Equity Collars and the increase in the fair value of the derivative component of the ZONES. See "Results of Operations - Investment Income" below.

Interest Rate Risk

During the six months ended June 30, 2001, interest rate exchange agreements ("Swaps") with an aggregate notional amount of \$60.5 million were either terminated or expired. As of June 30, 2001, we have Swaps with an aggregate notional amount of \$967.2 million having an average pay rate of 5.64% and an average receive rate of 6.78%.

Statement of Cash Flows

Cash and cash equivalents increased \$94.4 million as of June 30, 2001 from December 31, 2000. The increase in cash and cash equivalents resulted from cash flows from operating, financing and investing activities which are explained below.

Net cash provided by operating activities amounted to \$709.5 million for the six months ended June 30, 2001, due principally to our operating income before depreciation and amortization (see "Results of Operations"), and by changes in working capital as a result of the timing of receipts and disbursements and the effects of net interest and current income tax expense.

Net cash provided by financing activities includes borrowings and repayments of debt, as well as the issuances and repurchases of our equity securities. Net cash provided by financing activities was \$1.346 billion

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for the six months ended June 30, 2001. During the six months ended June 30, 2001, we borrowed \$4.555 billion, consisting of:

- o \$2.991 billion from Comcast Cable's senior notes offerings,
- o \$150.3 million from our Zero Coupon Debentures offering,
- o \$1.197 billion under Comcast Cable's commercial paper program, and
- o \$216.2 million under revolving credit facilities.

During the six months ended June 30, 2001, we repaid \$3.206 billion of our long-term debt, consisting primarily of:

- o \$1.765 billion under Comcast Cable's commercial paper program, and
- o \$1.427 billion on certain of our revolving credit facilities.

In addition, during the six months ended June 30, 2001, we received proceeds of \$20.2 million related to issuances of our common stock and incurred \$22.5 million of deferred financing costs.

Net cash used in investing activities includes the effects of acquisitions, net of cash acquired, purchases of investments, capital expenditures and additions to deferred charges, offset by proceeds from sales of investments. Net cash used in investing activities was \$1.961 billion for the six months ended June 30, 2001.

During the six months ended June 30, 2001, acquisitions, net of cash acquired, amounted to \$872.8 million, consisting primarily of:

- o \$518.7 million for the cable system serving Baltimore City, and
- o \$305.9 million for a controlling interest in The Golf Channel.

Results of Operations

Our summarized financial information for the interim periods is as follows (dollars in millions, "NM" denotes percentage is not meaningful):

	Three Months Ended June 30,		Increase / (Decrease)	
	2001	2000	\$	%
Revenues.....	\$2,298.5	\$1,912.1	\$386.4	20.2%
Cost of goods sold from electronic retailing.....	555.2	488.2	67.0	13.7
Operating, selling, general and administrative expenses.....	1,042.9	821.1	221.8	27.0
Operating income before depreciation and amortization (1).....	700.4	602.8	97.6	16.2
Depreciation.....	250.9	204.8	46.1	22.5
Amortization.....	582.8	429.6	153.2	35.7
Operating income (loss).....	(133.3)	(31.6)	101.7	NM
Interest expense.....	(176.2)	(163.2)	13.0	8.0
Investment income.....	502.7	314.8	187.9	59.7
Income related to indexed debt.....		289.5	(289.5)	NM
Equity in net losses of affiliates.....	(9.5)	(1.1)	8.4	NM
Other income (expense).....	(6.3)	2.2	(8.5)	NM
Income tax expense.....	(103.8)	(185.1)	(81.3)	(43.9)
Minority interest.....	(36.9)	(26.7)	10.2	38.2
Income before extraordinary items and cumulative effect of accounting change.....	\$36.7	\$198.8	(\$162.1)	(81.5%)

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	Six Months Ended June 30,		Increase / (Decrease)	
	2001	2000	\$	%
Revenues.....	\$4,494.6	\$3,851.0	\$643.6	16.7%
Cost of goods sold from electronic retailing.....	1,111.8	1,015.2	96.6	9.5
Operating, selling, general and administrative expenses.....	2,041.5	1,646.1	395.4	24.0
Operating income before depreciation and amortization (1)....	1,341.3	1,189.7	151.6	12.7
Depreciation.....	472.2	376.7	95.5	25.4
Amortization.....	1,102.9	803.4	299.5	37.3
Operating income (loss).....	(233.8)	9.6	(243.4)	NM
Interest expense.....	(358.5)	(331.8)	26.7	8.0
Investment income.....	717.4	959.4	(242.0)	(25.2)
Expense related to indexed debt.....		(398.0)	(398.0)	NM
Equity in net losses of affiliates.....	(6.6)	(4.0)	2.6	65.0
Other income (expense).....	1,187.9	(8.6)	1,196.5	NM
Income tax expense.....	(589.4)	(153.3)	436.1	NM
Minority interest.....	(63.6)	(60.9)	2.7	4.4
Income before extraordinary items and cumulative effect of accounting change.....	\$653.4	\$12.4	\$641.0	NM

(1) Operating income before depreciation and amortization is commonly referred to in our 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 our businesses and the resulting significant level of non-cash depreciation expense and amortization expense, operating cash flow is frequently used as one of the bases for comparing businesses in our industries, although our measure of operating cash flow may not be comparable to similarly titled measures of other companies. Operating cash flow is the primary basis used by our management to measure the operating performance of our businesses. 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 our performance. See "Statement of Cash Flows" above for a discussion of net cash provided by operating activities.

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Operating Results by Business Segment

The following represent the operating results of our significant business segments, "Cable" and "Commerce." Refer to Note 10 to our financial statements included in Item 1 (dollars in millions).

Cable	Three Months Ended June 30,		Increase	
	2001	2000	\$	%
Video.....	\$1,059.5	\$892.0	\$167.5	18.8%
Cable modem.....	64.8	26.3	38.5	146.4
Advertising sales.....	85.7	71.8	13.9	19.4
Other.....	45.5	31.9	13.6	42.6
Revenues.....	1,255.5	1,022.0	233.5	22.8
Operating, selling, general and administrative expenses.....	705.8	554.5	151.3	27.3
Operating income before depreciation and amortization (a).....	\$549.7	\$467.5	\$82.2	17.6%
	=====	=====	=====	=====

	Six Months Ended June 30,		Increase	
	2001	2000	\$	%
Video.....	\$2,044.3	\$1,757.4	\$286.9	16.3%
Cable modem.....	119.3	47.0	72.3	153.8
Advertising sales.....	151.9	130.0	21.9	16.8
Other.....	79.5	63.9	15.6	24.4
Revenues.....	2,395.0	1,998.3	396.7	19.9
Operating, selling, general and administrative expenses.....	1,357.3	1,094.0	263.3	24.1
Operating income before depreciation and amortization (a).....	\$1,037.7	\$904.3	\$133.4	14.8%
	=====	=====	=====	=====

(a) See footnote (1) on page 18.

Video revenue consists of our basic, expanded basic, premium, pay-per-view and digital subscriptions. Of the \$167.5 million and \$286.9 million increases in video revenues for the interim periods from 2000 to 2001, \$107.8 million and \$171.4 million are attributable to the effects of our acquisitions and exchanges of cable systems and \$59.7 million and \$115.5 million relate to changes in rates and subscriber growth in our historical operations, driven principally by growth in digital subscriptions. During the three and six months ended June 30, 2001 we added approximately 285,000 and 486,000 digital subscriptions, respectively.

The increases in cable modem revenue are primarily due to the addition of approximately 134,000 and 276,000 cable modem subscribers during the three and six months ended June 30, 2001, respectively.

The increases in advertising sales revenue are attributable to the effects of new advertising contracts, market-wide fiber interconnects and the continued leveraging of our existing fiber networks.

Other revenue includes installation revenues, guide revenues, commissions from electronic retailing and other product offerings. The increases are primarily attributable to growth in our historical operations.

The increases in operating, selling, general and administrative expenses are primarily due to the effects of increases in the costs of cable programming, cable modem subscriber growth, and, to a lesser extent, increases in labor costs and other volume related expenses in our historical operations.

Our cost of programming increases as a result of changes in rates, subscriber growth, additional channel offerings and our acquisitions of cable systems. We anticipate the cost of cable programming will increase in the future

as cable programming rates increase and additional sources of cable programming become available.

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Commerce (QVC, Inc. and Subsidiaries)

	Three Months Ended June 30,		Increase	
	2001	2000	\$	%
Net sales from electronic retailing.....	\$876.0	\$770.6	\$105.4	13.7%
Cost of goods sold from electronic retailing.....	555.2	488.2	67.0	13.7
Operating, selling, general and administrative expenses.....	161.0	148.4	12.6	8.5
Operating income before depreciation and amortization (a).....	\$159.8	\$134.0	\$25.8	19.3%
Gross margin.....	36.6%	36.7%		

	Six Months Ended June 30,		Increase	
	2001	2000	\$	%
Net sales from electronic retailing.....	\$1,760.0	\$1,591.6	\$168.4	10.6%
Cost of goods sold from electronic retailing.....	1,111.8	1,015.2	96.6	9.5
Operating, selling, general and administrative expenses.....	315.7	297.7	18.0	6.0
Operating income before depreciation and amortization (a).....	\$332.5	\$278.7	\$53.8	19.3%
Gross margin.....	36.8%	36.2%		

(a) See footnote (1) on page 18.

Of the \$105.4 million and \$168.4 million increases in net sales from electronic retailing for the interim periods, \$98.9 million and \$157.3 million, respectively, is attributable to increases in net sales in the United States. This growth is principally the result of increases in the average number of homes receiving QVC services and in net sales per home as follows:

	Three Months Ended June 30, 2001	Six Months Ended June 30, 2001
Increase in average number of homes.....	3.6%	4.0%
Increase in net sales per home.....	11.0%	7.3%

The remaining increases of \$6.5 million and \$11.1 million in net sales from electronic retailing for the interim periods are primarily attributable to increases in net sales in Germany offset, in part, by decreases in net sales in the United Kingdom, and to the effects of fluctuations in foreign currency exchange rates during the periods.

The increases in cost of goods sold are primarily related to the growth in net sales. The increase in gross margin for the six month period is primarily due to the effects of increases in product margins across all product categories, as well as to the effects of a shift in sales mix.

The increases in operating, selling, general and administrative expenses are primarily attributable to higher variable costs and personnel costs associated with the increase in sales volume.

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Consolidated Analysis

The effects of our recent acquisitions were to increase our revenues and expenses, resulting in increases in our operating income before depreciation and amortization. The increases in our property and equipment and deferred charges and the corresponding increases in depreciation expense and amortization expense for the interim periods from 2000 to 2001 are primarily due to the effects of our acquisitions, our cable system exchanges, as well as our increased levels of capital expenditures.

Refer to Notes 4 and 8 to our financial statements included in Item 1 for a discussion of our 2001 acquisitions and of the effect of these acquisitions on our balance sheet.

Interest Expense

The increases in interest expense for the interim periods from 2000 to 2001 are primarily due to the increase in our net borrowings.

We anticipate that, for the foreseeable future, interest expense will be a significant cost to us. We believe we will continue to be able to meet our obligations through our ability both to generate operating income before depreciation and amortization and to obtain external financing.

Investment Income

Investment income for the interim periods includes the following (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
Interest and dividend income.....	\$17.4	\$45.2	\$35.0	\$105.3
Gains on sales and exchanges of investments.....	448.0	272.1	459.6	861.5
Investment impairment losses.....	(45.0)	(2.5)	(939.1)	(7.4)
Reclassification of unrealized gains.....			1,092.4	
Unrealized gain on Sprint PCS common stock.....	392.4		265.6	
Mark to market adjustments on derivatives related to Sprint PCS common stock.....	(317.9)		(191.5)	
Mark to market adjustments on derivatives and hedged items.....	7.8		(4.6)	
Investment income.....	\$502.7	\$314.8	\$717.4	\$959.4
	=====	=====	=====	=====

The investment impairment loss for the six months ended June 30, 2001 relates principally to an other than temporary decline in our investment in AT&T, a portion of which was exchanged on April 30, 2001.

In connection with the reclassification of our investment in Sprint PCS from an available for sale security to a trading security, we recorded to investment income the accumulated unrealized gain of \$1.092 billion on our investment in Sprint PCS which was previously recorded as a component of accumulated other comprehensive income.

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Income (Expense) Related to Indexed Debt

Through December 31, 2000, we accounted for the ZONES as an indexed debt instrument since the maturity value is dependent upon the fair value of Sprint PCS common stock. During the 2000 interim periods, we recorded income (expense) related to indexed debt of \$289.5 million and (\$398.0) million, respectively, to reflect fair value of the underlying Sprint PCS common stock.

Other Income (Expense)

On January 1, 2001, we completed our cable systems exchange with Adelphia. We received cable systems serving approximately 445,000 subscribers from Adelphia in exchange for certain of our cable systems serving approximately 441,000 subscribers. We recorded a pre-tax gain of \$1.199 billion, representing the difference between the estimated fair value as of the closing date of the transaction and our cost basis in the systems exchanged.

Income Tax Expense

The changes in income tax expense for the interim periods from 2000 to 2001 are primarily the result of the effects of changes in our income before taxes and minority interest, and non-deductible goodwill amortization.

Minority Interest

The changes in minority interest for the interim periods from 2000 to 2001 are attributable to the effects of changes in the net income or loss of our less than 100% owned consolidated subsidiaries.

Extraordinary Items

We incurred debt extinguishment costs and wrote off unamortized debt issue costs principally in connection with the redemption and retirement of certain indebtedness, resulting in extraordinary losses, net of tax, during the 2001 and 2000 interim periods.

Cumulative Effect of Accounting Change

Upon adoption of SFAS No. 133, we recognized as income a cumulative effect of accounting change, net of related income taxes, of \$384.5 million during the six months ended June 30, 2001. The income consisted of a \$400.2 million adjustment to record the debt component of our ZONES at a discount from its value at maturity and \$191.3 million principally related to the reclassification of gains previously recognized as a component of accumulated other comprehensive income on our equity derivative instruments, net of related deferred income taxes.

We believe that our operations are not materially affected by inflation.

Expected Impact of Adoption of SFAS No.'s 141 and 142

The Financial Accounting Standards Board issued SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets" in June 2001. These statements address how intangible assets that are acquired individually, with a group of other assets or in connection with a business combination should be accounted for in financial statements upon and subsequent to their acquisition. The new statements require that all business combinations initiated after June 30, 2001 be accounted for using the purchase method and establish specific criteria for the recognition of intangible assets separately from goodwill.

We adopted SFAS No. 141 on July 1, 2001, as required by the new statement. We do not expect the adoption of SFAS No. 141 to have a material impact on our financial position or results of operations.

We will adopt SFAS No. 142 on January 1, 2002, as required by the new statement. Upon adoption of SFAS No. 142, we will no longer amortize goodwill and other indefinite lived intangible assets. We will be required to test our goodwill and intangible assets that are deemed to have an indefinite life for impairment at least annually. Other than in those periods in which we may report an asset impairment, we expect that the adoption of SFAS No. 142 will result in increased income as a result of reduced amortization expense. We are currently evaluating the impact adoption of SFAS No. 142 will have on our financial position and results of operations.

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PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are subject to legal proceedings and claims which arise in the ordinary course of our business. In the opinion of our management, the amount of ultimate liability with respect to such actions is not expected to materially affect our financial position, results of operations or liquidity.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At the Annual Meeting on June 6, 2001, the shareholders approved the following proposals:

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

Director -----	Class of Stock -----	For ---	Withheld -----
Ralph J. Roberts	Class A	19,324,359	59,407
	Class B	141,665,625	
Julian A. Brodsky	Class A	19,328,808	54,958
	Class B	141,665,625	
Brian L. Roberts	Class A	19,332,412	51,354
	Class B	141,665,625	
Decker Anstrom	Class A	19,326,245	57,521
	Class B	141,665,625	
Sheldon M. Bonovitz	Class A	18,614,761	769,005
	Class B	141,665,625	
Joseph L. Castle II	Class A	19,324,859	58,907
	Class B	141,665,625	
Felix G. Rohatyn	Class A	19,318,664	65,102
	Class B	141,665,625	
Bernard C. Watson	Class A	19,324,499	59,267
	Class B	141,665,625	
Irving A. Wechsler	Class A	19,324,266	59,500
	Class B	141,665,625	
Anne Wexler	Class A	19,322,475	61,291
	Class B	141,665,625	

To ratify the appointment of Deloitte & Touche LLP as the Company's independent auditors for the 2001 fiscal year.

Class of Stock -----	For ---	Against -----	Abstain -----
Class A	19,306,841	44,285	32,640
Class B	141,665,625		

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To consider a proposal to approve the adoption of the Comcast Corporation 2001 Employee Stock Purchase Plan.

Class of Stock	For	Against	Abstain
-----	---	-----	-----
Class A	11,634,982	256,067	81,373
Class B	141,665,625		

To consider a proposal to approve an amendment to the Comcast Corporation 1996 Executive Cash Bonus Plan.

Class of Stock	For	Against	Abstain
-----	---	-----	-----
Class A	11,340,162	526,293	105,967
Class B	141,665,625		

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

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

10.1 Comcast Corporation 1996 Stock Option Plan, as amended and restated, effective June 5, 2001.

10.2 Comcast Corporation 1996 Executive Cash Bonus Plan, as amended and restated, effective June 6, 2001.

10.3 Comcast Corporation 2001 Employee Stock Purchase Plan (incorporated by reference to Exhibit 4.1 to our Registration Statement on Form S-8 filed on June 7, 2001).

(b) Reports on Form 8-K:

(i) None.

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SIGNATURE

Pursuant to the requirements 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.

COMCAST CORPORATION

/S/ LAWRENCE J. SALVA

Lawrence J. Salva
Senior Vice President
(Principal Accounting Officer)

Date: August 7, 2001

(As Amended and Restated, Effective June 5, 2001)

1. Purpose of Plan

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

2. Definitions

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

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

(c) "Cash Right" means any right to receive cash in lieu of Shares granted under the Plan and described in Paragraph 3(a)(iii).

(d) "Cause" means:

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

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

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

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

(g) "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 1997 Deferred Stock Option Plan, the Comcast Corporation 1990 Restricted Stock Plan and the Comcast Corporation 1987 Stock Option Plan.

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

(i) "Common Stock" means:

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

and

(ii) Subject to the approval of the Sponsor's shareholders, the Sponsor's Class B Common Stock, par value, \$1.00.

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

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

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

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

(n) "Fair Market Value." If Shares are listed on a stock exchange, Fair Market Value shall be determined based on the last reported sale price of a Share on the principal exchange on which Shares are listed on the last trading day prior to the date of determination, or, if Shares are not so listed, but trades of Shares are reported on the Nasdaq National Market, the last quoted sale price of a Share on the Nasdaq National Market on the last trading day prior to the date of determination, or, if Shares are not so reported, the fair market value as determined by the Board or the Committee in good faith.

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

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

(q) "Incentive Stock Option" means an Option granted under the Plan, designated by the Committee at the time of such grant as an Incentive Stock Option within the meaning of section 422 of the Code and containing the terms

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

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

(s) "Non-Qualified Option" means:

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

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

(t) "Option" means any stock option granted under the Plan and described in Paragraph 3(a).

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

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

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

(ii) the sum of:

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

(B) the number of Shares owned by such Optionee that has, within the preceding six months, been the subject of a withholding certification pursuant to Paragraph 16(b) or any similar withholding certification under any other Comcast Plan; plus

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

(D) The number of Shares owned by such Optionee as to which evidence of ownership has, within the preceding six months, been provided to the Company in connection with the crediting of "Deferred Stock Units" to such Optionee's Account under the Comcast Corporation 1997 Deferred Stock Option Plan.

For purposes of this Paragraph 2(v), a Share that is subject to a deferral election pursuant to another Comcast Plan shall not be treated as owned by an Optionee until all conditions to the delivery of such Share have lapsed. For purposes of Paragraphs 7(d), 8(d) and 16(b), the number of Other Available Shares shall be determined separately for the Sponsor's Class A Special Common Stock, par value, \$1.00, the Sponsor's Class A Common Stock, par value, \$1.00 and the Sponsor's Class B Common Stock, par value, \$1.00.

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

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

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

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

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

(i) Brian L. Roberts;

(ii) a lineal descendant of Brian L. Roberts; or

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

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

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

(ii) solely for purposes of Paragraphs 2(n), 2(v), 7(d), 8(d) and 16(b), the term "Share" or "Shares" also means a share or shares of the Sponsor's Class A Common Stock, par value, \$1.00.

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

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

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

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

(i) the liquidation of the Sponsor; or

(ii) a Change of Control.

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

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

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

3. Rights To Be Granted

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

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

(ii) Non-Qualified Options, which give the Optionee the right for a specified time period to purchase a specified number of Shares for a price determined by the Committee; and

(iii) Cash Rights, which give an Optionee the right for a specified time period, and subject to such conditions, if any, as shall be determined by the Committee and stated in the option document, to receive a cash payment of such amount per Share as shall be determined by the Committee and stated in the option document, in lieu of exercising a Non-Qualified Option.

In addition, rights that may be granted under the Plan shall include Incentive Stock Options or Non-Qualified Options to purchase a specified number of Shares of the Sponsor's Class A Special Common Stock, par value \$1.00, which shall be automatically converted into Incentive Stock Options or Non-Qualified Options to

purchase the same number of Shares of the Sponsor's Class B Common Stock, par value \$1.00, upon and subject to the approval by the Sponsor's shareholders of the amendment to the Plan adopted by the Board on October 5, 2000 to make the Sponsor's Class B Common Stock, par value \$1.00 available for the grant of Options under the Plan.

(b) Limit on Grant of Options. The maximum number of Shares for which Options may be granted to any single individual in any calendar year, adjusted as provided in Paragraph 11, shall be 10,000,000 Shares.

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

4. Shares Subject to Plan

Subject to adjustment as provided in Paragraph 11, not more than 50,000,000 Shares in the aggregate may be issued pursuant to the Plan upon exercise of Options. Shares delivered pursuant to the exercise of an Option may, at the Sponsor's option, be either treasury Shares or Shares originally issued for such purpose. If an Option covering Shares terminates or expires without having been exercised in full, other Options may be granted covering the Shares as to which the Option terminated or expired.

5. Administration of Plan

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

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

(c) Exculpation. No member of the Committee shall be personally liable for monetary damages for any action taken or any failure to take any action in connection with the administration of the Plan or the granting of Options thereunder unless (i) the member of the Committee has breached or failed to perform the duties of his office, and (ii) the breach or failure to perform constitutes self-dealing, wilful misconduct or recklessness; provided, however,

that the provisions of this Paragraph 5(c) shall not apply to the responsibility or liability of a member of the Committee pursuant to any criminal statute.

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

6. Eligibility

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

(b) An Incentive Stock Option shall not be granted to a Ten Percent Shareholder except on such terms concerning the option price and term as are provided in Paragraph 7(b) and 7(g) with respect to such a person. An Option designated as Incentive Stock Option granted to a Ten Percent Shareholder but which does not comply with the requirements of the preceding sentence shall be treated as a Non-Qualified Option. An Option designated as an Incentive Stock Option shall be treated as a Non-Qualified Option if (i) the Optionee is not an employee of a Company on the Date of Grant or (ii) the only Company by which the Optionee is employed on the Date of Grant is an entity described in Paragraph 2(dd)(ii).

7. Option Documents and Terms - In General

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

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

(b) Option Price. The option price per Share with respect to any Option shall be determined by the Committee, provided, however, that with respect to any Incentive Stock Options, the option price per share shall not be less than 100% of the Fair Market Value of such Share on the Date of Grant, and provided further that with respect to any Incentive Stock Options granted to a Ten Percent Shareholder, the option price per Share shall not be less than 110% of the Fair Market Value of such Share on the Date of Grant.

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

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

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

(f) Termination of Employment. For purposes of the Plan, a transfer of an employee between two employers, each of which is a Company, shall not be deemed a termination of employment. For purposes of Paragraph 7(g), an Optionee's termination of employment shall be deemed to occur on the date an Optionee ceases to have a regular obligation to perform services for a Company, without regard to whether (i) the Optionee continues on the Company's payroll for regular, severance or other pay or (ii) the Optionee continues to participate in one or more health and welfare plans maintained by the Company on the same basis as active employees. Whether an Optionee ceases to have a regular obligation to perform services for a Company shall be determined by the Committee in its sole discretion. Notwithstanding the foregoing, if an Optionee is a party to an employment agreement or severance agreement with a Company which establishes the effective date of such Optionee's termination of employment for purposes of this Paragraph 7(g), that date shall apply.

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

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

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

(iii) In the event that an Optionee's employment with the Company is terminated for Cause, each unexercised Option held by such Optionee shall terminate and cease to be exercisable; provided further, that in such event, in addition to immediate termination of the Option, the Optionee, upon a

determination by the Committee shall automatically forfeit all Shares otherwise subject to delivery upon exercise of an Option but for which the Sponsor has not yet delivered the Share certificates, upon refund by the Sponsor of the option price.

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

(i) Cash Rights. The Committee may, in its sole discretion, provide in an option document for an eligible Optionee that Cash Rights shall be attached to Non-Qualified Options granted under the Plan. All Cash Rights that are attached to Non-Qualified Options shall be subject to the following terms:

(i) Such Cash Right shall expire no later than the Non-Qualified Option to which it is attached.

(ii) Such Cash Right shall provide for the cash payment of such amount per Share as shall be determined by the Committee and stated in the option document.

(iii) Such Cash Right shall be subject to the same restrictions on transferability as the Non-Qualified Option to which it is attached.

(iv) Such Cash Right shall be exercisable only when such conditions to exercise as shall be determined by the Committee and stated in the option document, if any, have been satisfied.

(v) Such Cash Right shall expire upon the exercise of the Non-Qualified Option to which it is attached.

(vi) Upon exercise of a Cash Right that is attached to a Non-Qualified Option, the Option to which the Cash Right is attached shall expire.

(j) Type of Shares. Each Option granted under this Paragraph 7 to an employee of a Company shall be an Option to purchase Shares of the Company's Class A Special Common Stock, par value, \$1.00, except for (i) any Option specifically designated at the time of grant as an Option to purchase Shares of the Company's Class B Common Stock, par value, \$1.00, or (ii) any Option specifically designated at the time of grant as an Option to purchase Shares of the Company's Class A Special Common Stock, par value, \$1.00, that will automatically convert to an Option to purchase Shares of the Company's Class B

Special Common Stock, par value, \$1.00, upon and subject to the approval by the Sponsor's shareholders of the amendment to the Plan adopted by the Board on October 5, 2000 to make the Sponsor's Class B Common Stock, par value \$1.00 available for the grant of Options under the Plan.

8. Option Documents and Terms - Non-Employee Directors

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

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

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

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

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

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

(d) Payment Upon Exercise of Options. Full payment for Shares purchased upon the exercise of an Option shall be made in cash, by certified check payable to the order of the Sponsor, or, at the election of the Optionee and as the Committee may, in its sole discretion, approve, by surrendering Shares with an aggregate Fair Market Value equal to the aggregate option price, or by delivering such combination of Shares and cash as the Committee may, in

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

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

(f) Periods of Exercise of Options. An Option granted under this Paragraph 8 shall not be exercisable for six months after the Date of Grant, and shall then be exercisable in its entirety. No Option shall first become exercisable following an Optionee's termination of service as a Non-Employee Director for any reason other than the Non-Employee Director's termination of service because of the Non-Employee Director's death, Disability or attainment of mandatory retirement age under any mandatory retirement policy established by the Board as in effect from time to time ("Mandatory Retirement"). All Options granted to a Non-Employee Director shall become immediately exercisable in full upon an Optionee's termination of service as a Non-Employee Director because of death, Disability or Mandatory Retirement; provided further, that the following rules shall apply to all Options previously granted under the Plan to Non-Employee Directors that are outstanding as of June 5, 2001, and to all Options granted under the Plan to Non-Employee Directors after June 5, 2001:

(i) In the event that an Optionee terminates service as a Non-Employee Director for any reason other than the Disability or Mandatory Retirement of the Optionee, death or Cause, any Option held by such Optionee and which is then exercisable shall continue to be exercisable for a period of 90 days following the date the Optionee terminates service as a Non-Employee Director; provided, however, that in no event shall an Option be exercisable after the day before the fifth anniversary of the Date of Grant.

(ii) In the event that an Optionee terminates service as a Non-Employee Director due to the Disability, death or Mandatory Retirement of

the Optionee, any Option held by such Optionee and which is then exercisable shall continue to be exercisable by the Optionee or, in the case of the Optionee's death, by the person to whom the rights of the Optionee shall have passed by will or by the laws of descent and distribution until the day before the fifth anniversary of the Date of Grant.

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

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

(h) Type of Shares. Each Option granted under this Paragraph 8 shall be an Option to purchase Shares of the Company's Class A Special Common Stock, par value, \$1.00.

9. Limitation on Exercise of Incentive Stock Options.

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

10. Rights as Shareholders

An Optionee shall not have any right as a shareholder with respect to any Shares subject to his Options until the Option shall have been exercised in accordance with the terms of the Plan and the option document and the Optionee shall have paid the full purchase price for the number of Shares in respect of

which the Option was exercised and the Optionee shall have made arrangements acceptable to the Sponsor for the payment of applicable taxes consistent with Paragraph 16.

11. Changes in Capitalization

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

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

12. Terminating Events

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

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

13. Interpretation

The Committee shall have the power to interpret the Plan and to make and amend rules for putting it into effect and administering it. It is intended that the Incentive Stock Options granted under the Plan shall constitute incentive

stock options within the meaning of section 422 of the Code, and that Shares transferred pursuant to the exercise of Non-Qualified Options shall constitute property subject to federal income tax pursuant to the provisions of section 83 of the Code. The provisions of the Plan shall be interpreted and applied insofar as possible to carry out such intent.

14. Amendments

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

15. Securities Law

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

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

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

(ii) the Optionee has been advised and understands that (A) the Shares subject to the Option have not been registered under the 1933 Act and are "restricted securities" within the meaning of Rule 144 under the 1933 Act and are subject to restrictions on transfer and (B) the Sponsor is under no

obligation to register the Shares subject to the Option under the 1933 Act or to take any action which would make available to the Optionee any exemption from such registration;

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

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

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

16. Withholding of Taxes on Exercise of Option

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

(b) Except as otherwise provided in this Paragraph 16(b), any tax liabilities incurred in connection with the exercise of an Option under the Plan other than an Incentive Stock Option shall be satisfied by the Sponsor's withholding a portion of the Shares underlying the Option exercised having a Fair Market Value approximately equal to the minimum amount of taxes required to be withheld by the Sponsor under applicable law, unless otherwise determined by the Committee with respect to any Optionee. Notwithstanding the foregoing, the Committee may permit an Optionee to elect one or both of the following: (i) to have taxes withheld in excess of the minimum amount required to be withheld by the Sponsor under applicable law; provided that the Optionee certifies in writing to the Sponsor that the Optionee owns a number of Other Available Shares having a Fair Market Value that is at least equal to the Fair Market Value of Option Shares to be withheld by the Company for the then-current exercise on account of withheld taxes in excess of such minimum amount, and (ii) to pay to the Sponsor in cash all or a portion of the taxes to be withheld upon the exercise of an Option. In all cases, the Shares so withheld by the Company shall

have a Fair Market Value that does not exceed the amount of taxes to be withheld minus the cash payment, if any, made by the Optionee. Any election pursuant to this Paragraph 16(b) must be in writing made prior to the date specified by the Committee, and in any event prior to the date the amount of tax to be withheld or paid is determined. An election pursuant to this Paragraph 16(b) may be made only by an Optionee or, in the event of the Optionee's death, by the Optionee's legal representative. No Shares withheld pursuant to this Paragraph 16(b) shall be available for subsequent grants under the Plan. The Committee may add such other requirements and limitations regarding elections pursuant to this Paragraph 16(b) as it deems appropriate.

(c) Except as otherwise provided in this Paragraph 16(c), any tax liabilities incurred in connection with the exercise of an Incentive Stock Option under the Plan shall be satisfied by the Optionee's payment to the Sponsor in cash all of the taxes to be withheld upon exercise of the Incentive Stock Option. Notwithstanding the foregoing, the Committee may permit an Optionee to elect to have the Sponsor withhold a portion of the Shares underlying the Incentive Stock Option exercised having a Fair Market Value approximately equal to the minimum amount of taxes required to be withheld by the Sponsor under applicable law. Any election pursuant to this Paragraph 16(c) must be in writing made prior to the date specified by the Committee, and in any event prior to the date the amount of tax to be withheld or paid is determined. An election pursuant to this Paragraph 16(c) may be made only by an Optionee or, in the event of the Optionee's death, by the Optionee's legal representative. No Shares withheld pursuant to this Paragraph 16(c) shall be available for subsequent grants under the Plan. The Committee may add such other requirements and limitations regarding elections pursuant to this Paragraph 16(c) as it deems appropriate.

17. Effective Date and Term of Plan

This amendment and restatement of the Plan is effective as of June 5, 2001. The Plan shall expire no later than March 13, 2006, the tenth anniversary of the date the Plan was initially adopted by the Board, unless sooner terminated by the Board.

18. General

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

Executed as of the 5th day of June, 2001.

COMCAST CORPORATION

By: /s/ Stanley L. Wang

Attest: /s/ Arthur R. Block

1996 EXECUTIVE CASH BONUS PLAN
(as amended through March 21, 2001)

1. PURPOSE

The purpose of the Plan is to provide, subject to shareholder approval and approval by the Committee (as defined below), performance-based cash bonus compensation for certain employees of Comcast Corporation, a Pennsylvania corporation (the "Company") in accordance with a formula that is based on the financial success of the Company as part of an integrated compensation program which is intended to assist the Company in motivating and retaining employees of superior ability, industry and loyalty.

2. DEFINITIONS

The following words and phrases as used herein shall have the following meanings, unless a different meaning is plainly required by the context:

"Board of Directors" shall mean the Board of Directors of the Company.

"Cash Flow" shall mean the operating income before depreciation and amortization for the Company and those of its affiliates which are included with the Company in its consolidated financial statements as prepared by the Company in accordance with generally accepted accounting principles.

"Committee" shall mean the Subcommittee on Performance-Based Compensation of the Compensation Committee of the Board of Directors.

"Company" shall mean Comcast Corporation, a Pennsylvania corporation, and any successor thereto.

"First Tier Goal" shall mean the performance goal, measured in terms of level of Cash Flow, as established by the Committee for each Plan Year. The First Tier Goal is the performance measure which, if achieved, permits payment to each Participant of 66% of the Participant's Target Bonus. The Committee shall in all events establish the First Tier Goal for each Plan Year no later than 90 days after the first day of the Plan Year or, if sooner, within the first 25% of the Plan Year. The First Tier Goal shall be established at the discretion of the Committee, provided, however, that the Committee must determine that, as of the date the First Tier Goal is established, it is substantially uncertain whether the level of Cash Flow required to meet the First Tier Goal will be achieved.

"Participant" shall mean those persons eligible to participate in the Plan in accordance with Section 3.

"Plan" shall mean the Comcast Corporation 1996 Executive Cash Bonus Plan.

"Plan Year" shall mean the calendar year, except that the first Plan Year shall be the period from July 1, 1996 through December 31, 1996.

"Second Tier Goal" shall mean the performance goal, measured in terms of level of Cash Flow, as established by the Committee for each Plan Year. The Second Tier Goal is the performance measure which, if achieved, permits payment to each Participant of 100% of the Participant's Target Bonus. The Committee shall establish the Second Tier Goal for each Plan Year at the same time that it establishes the First Tier Goal for such Plan Year. The Second Tier Goal shall be a level of Cash Flow chosen at the discretion of the Committee that is higher than the level of Cash Flow chosen for the Plan Year as the First Tier Goal.

"Target Bonus" shall mean, with respect to any Participant for any Plan Year, the sum of (a) the Target Percentage of the Participant's base salary and any guaranteed bonus (other than any bonus awarded on account of the termination as of December 31, 1993, of the Company's discretionary cash bonus plan) as of the first day of the Plan Year and (b) the amount, if any, of such Participant's Target Bonus for any prior Plan Year which was not earned due to failure to meet the First Tier Goal or the Second Tier Goal; provided, however, that in no event shall any Participant's Target Bonus for any Plan Year exceed \$3,000,000.

"Target Percentage" shall mean, with respect to any Participant for any Plan Year, a percentage, not to exceed 150%, established by the Committee with respect to such Participant and such Plan Year. If no other percentage is selected by the Committee, the Target Percentage shall be 50%.

3. PARTICIPATION

The Participants in the Plan shall be

(a) Brian L. Roberts, Lawrence S. Smith, John R. Alchin and Stanley Wang;

(b) Effective for Plan Years beginning after 1999, Brian L. Roberts, Lawrence S. Smith, John R. Alchin, Stanley Wang, Stephen B. Burke, Michael A. Tallent, Bradley P. Dusto and David N. Watson;

(c) Effective for Plan Years beginning after 2000, Brian L. Roberts, Lawrence S. Smith, John R. Alchin, Stanley Wang, Stephen B. Burke, Michael A. Tallent, Bradley P. Dusto, David N. Watson, Arthur R. Block, Mark A. Coblitz and Robert A. Pick; and

(d) Effective for Plan Years beginning after 2003, Brian L. Roberts, Lawrence S. Smith, John R. Alchin, Stanley Wang, Stephen B. Burke, Michael A. Tallent, Bradley P. Dusto, David N. Watson, Arthur R. Block, Mark A. Coblitz, Robert A. Pick and Lawrence J. Salva.

In addition, Participants in the Plan shall include such other key executives as may be designated by the Committee to participate in the Plan from time to time.

4. TERM OF PLAN

The original effective date of the Plan was July 1, 1996. Subject to approval of the shareholders of the Company, the Plan shall continue until all amounts required to be paid with respect to all Plan Years up through and including the Plan Year ending December 31, 2006 are paid by the Company, unless the Plan is sooner terminated by the Board of Directors.

5. BONUS ENTITLEMENT

Each Participant shall be entitled to receive a bonus in accordance with the provisions of Section 6 of the Plan only after certification by the Committee that the performance goals set forth in Section 6 have been satisfied. The bonus payment under the Plan shall be paid to each Participant as soon as practicable following the close of the Plan Year with respect to which the bonus is to be paid. Notwithstanding anything contained herein to the contrary, no bonus shall be payable under the Plan without the prior disclosure of the terms of the Plan to the shareholders of the Company and the approval of the Plan by such shareholders.

6. AMOUNT OF PERFORMANCE-BASED COMPENSATION BONUS

(a) Each Participant in the Plan shall be entitled to a bonus with respect to a Plan Year which is equal to 66% of the Participant's Target Bonus if the Company's Cash Flow for the Plan Year is at least equal to the First Tier Goal, and 100% of the Target Bonus if the Company's Cash Flow for the Plan Year is at least equal to the Second Tier Goal. If the level of Cash Flow for the Plan Year is higher than the First Tier Goal and lower than the Second Tier Goal, the bonus with respect to such Plan Year shall be such percentage of the Participant's Target Bonus in excess of 66% as is determined by prorating the difference between 100% and 66% according to the level of Cash Flow in excess of the First Tier Goal divided by the difference between the levels of Cash Flow represented by the Second Tier Goal and the First Tier Goal. If the level of Cash Flow for a Plan Year is below the First Tier Goal established with respect to such Plan Year, no bonus shall be payable under the Plan for that Plan Year.

(b) In the event any payment of a bonus otherwise payable under the Plan occurs more than two months after the close of the Plan Year with respect to which the bonus is paid because the required disclosure of the terms of the Plan to the shareholders of the Company and the approval of the Plan by such shareholders delays such bonus payment, the amount of the bonus otherwise payable shall be increased by the amount such bonus payment would earn if it were invested in an investment bearing a 7% annual rate of return, compounded daily, or such other reasonable rate of interest as may be determined by the Committee, during the period from the close of the Plan Year with respect to which such bonus is paid and the date the bonus is actually paid.

(c) Notwithstanding anything contained herein to the contrary, in the event there is a significant acquisition or disposition of any assets, business division, company or other business operations of the Company that is reasonably expected to have an effect on Cash Flow as otherwise determined under the terms of the Plan, the First Tier Goal and the Second Tier Goal shall be adjusted to take into account the impact of such acquisition or disposition by increasing or decreasing such goals in the same proportion as Cash Flow of the Company would have been affected for the prior Plan Year on a pro forma basis had such an acquisition or disposition occurred on the same date during the prior Plan Year (except in the case of the first Plan Year the adjustment shall be made by reference to the effect such an acquisition or disposition on the same date during the prior calendar year would have had on Cash Flow for the period commencing July 1, 1995 and ending December 31, 1995). Such adjustment shall be based upon the historical equivalent of Cash Flow of the assets so acquired or disposed of for the prior Plan Year, as shown by such records as are available to the Company, as further adjusted to reflect any aspects of the transaction that should be taken into account to ensure comparability between amounts in the prior Plan Year and the current Plan Year.

(d) Notwithstanding the determination of the amount of a Participant's bonus payable with respect to any Plan Year under Section 6(a), the Committee shall have the discretion to reduce or eliminate the bonus otherwise payable to a Participant if it determines that such a reduction or elimination of the bonus is in the best interests of the Company.

7. COMMITTEE

(a) Powers. The Committee shall have the power and duty to do all things necessary or convenient to effect the intent and purposes of the Plan and not inconsistent with any of the provisions hereof, whether or not such powers and duties are specifically set forth herein, and, by way of amplification and not limitation of the foregoing, the Committee shall have the power to:

(i) provide rules and regulations for the management, operation and administration of the Plan, and, from time to time, to amend or supplement such rules and regulations;

(ii) construe the Plan, which construction, as long as made in good faith, shall be final and conclusive upon all parties hereto; and

(iii) correct any defect, supply any omission, or reconcile any inconsistency in the Plan in such manner and to such extent as it shall deem expedient to carry the same into effect, and it shall be the sole and final judge of when such action shall be appropriate.

The resolution of any questions with respect to payments and entitlements pursuant to the provisions of the Plan shall be determined by the Committee, and all such determinations shall be final and conclusive.

(b) Indemnity. No member of the Committee shall be directly or indirectly responsible or under any liability by reason of any action or default by him as a member of the Committee, or the exercise of or failure to exercise any power or discretion as such member. No member of the Committee shall be liable in any way for the acts or defaults of any other member of the Committee, or any of its advisors, agents or representatives. The Company shall indemnify and save harmless each member of the Committee against any and all expenses and liabilities arising out of his own membership on the Committee.

(c) Compensation and Expenses. Members of the Committee shall receive no separate compensation for services other than compensation for their services as members of the Board of Directors, which compensation can include compensation for services at any committee meeting attended in their capacity as members of the Board of Directors. Members of the Committee shall be entitled to receive their reasonable expenses incurred in administering the Plan. Any such expenses, as well as extraordinary expenses authorized by the Company, shall be paid by the Company.

(d) Participant Information. The Company shall furnish to the Committee in writing all information the Company deems appropriate for the Committee to exercise its powers and duties in administration of the Plan. Such information shall be conclusive for all purposes of the Plan and the Committee shall be entitled to rely thereon without any investigation thereof; provided, however, that the Committee may correct any errors discovered in any such information.

(e) Inspection of Documents. The Committee shall make available to each Participant, for examination at the principal office of the Company (or at such other location as may be determined by the Committee), a copy of the Plan and such of its records, or copies thereof, as may pertain to any benefits of such Participant under the Plan.

8. TERMINATION AND AMENDMENT

The Plan may be terminated or revoked by the Company at any time and amended by the Company from time to time, provided that neither the termination, revocation or amendment of the Plan may, without the written approval of the Participant, reduce the amount of a bonus payment that is due, but has not yet been paid, and provided further that no changes that would increase the amount of bonuses determined under provisions of the Plan shall be effective without approval by the Committee and without disclosure to and approval by the shareholders of the Company in a separate vote prior to payment of such bonuses. In addition, the Plan may be modified or amended by the Committee, as it deems appropriate, in order to comply with any rules, regulations or other guidance promulgated by the Internal Revenue Service with respect to applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), as they relate to the exemption for "performance-based compensation" under the limitations on the deductibility of compensation imposed under Code Section 162(m).

9. MISCELLANEOUS PROVISIONS

(a) Unsecured Creditor Status. A Participant entitled to a bonus payment hereunder, shall rely solely upon the unsecured promise of the Company, as set forth herein, for the payment thereof, and nothing herein contained shall be construed to give to or vest in a Participant or any other person now or at any time in the future, any right, title, interest, or claim in or to any specific asset, fund, reserve, account, insurance or annuity policy or contract, or other property of any kind whatever owned by the Company, or in which the Company may have any right, title, or interest, nor or at any time in the future.

(b) Other Company Plans. It is agreed and understood that any benefits under this Plan are in addition to any and all benefits to which a Participant may otherwise be entitled under any other contract, arrangement, or voluntary pension, profit sharing or other compensation plan of the Company, whether funded or unfunded, and that this Plan shall not affect or impair the rights or obligations of the Company or a Participant under any other such contract, arrangement, or voluntary pension, profit sharing or other compensation plan.

(c) Separability. If any term or condition of the Plan shall be invalid or unenforceable to any extent or in any application, then the remainder of the Plan, with the exception of such invalid or unenforceable provision,

shall not be affected thereby, and shall continue in effect and application to its fullest extent.

(d) Continued Employment. Neither the establishment of the Plan, any provisions of the Plan, nor any action of the Committee shall be held or construed to confer upon any Participant the right to a continuation of employment by the Company. The Company reserves the right to dismiss any employee (including a Participant), or otherwise deal with any employee (including a Participant) to the same extent as though the Plan had not been adopted.

(e) Incapacity. If the Committee determines that a Participant is unable to care for his affairs because of illness or accident, any benefit due such Participant under the Plan may be paid to his spouse, child, parent, or any other person deemed by the Committee to have incurred expense for such Participant (including a duly appointed guardian, committee, or other legal representative), and any such payment shall be a complete discharge of the Company's obligation hereunder.

(g) Jurisdiction. The Plan shall be construed, administered, and enforced according to the laws of the Commonwealth of Pennsylvania, except to the extent that such laws are preempted by the Federal laws of the United States of America.

(h) Withholding. The Participant shall make appropriate arrangements with the Company for satisfaction of any federal, state or local income tax withholding requirements and Social Security or other tax requirements applicable to the accrual or payment of benefits under the Plan. If no other arrangements are made, the Company may provide, at its discretion, for any withholding and tax payments as may be required.

Executed this 21st day of March, 2001.

COMCAST CORPORATION

BY: /s/ Stanley L. Wang

ATTEST: /s/ Arthur R. Block