

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:

SEPTEMBER 30, 1997

OR

() Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the Transition Period from _____ to _____.

Commission File Number 0-6983

COMCAST CORPORATION
[GRAPHIC OMITTED - LOGO]

(Exact name of registrant as specified in its charter)

PENNSYLVANIA

23-1709202

(State or other jurisdiction of
incorporation or organization)

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

1500 Market Street, Philadelphia, PA 19102-2148

(Address of principal executive offices)
(Zip Code)

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

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 September 30, 1997, there were 308,407,111 shares of Class A Special Common Stock, 31,793,767 shares of Class A Common Stock and 8,786,250 shares of Class B Common Stock outstanding.

COMCAST CORPORATION AND SUBSIDIARIES
FORM 10-Q
QUARTER ENDED SEPTEMBER 30, 1997

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

COMCAST CORPORATION AND SUBSIDIARIES
FORM 10-Q
QUARTER ENDED SEPTEMBER 30, 1997

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED BALANCE SHEET
(Unaudited)

(Dollars in millions, except share data)
September 30, December 31,
1997 1996

ASSETS

CURRENT ASSETS

Cash and cash equivalents.....	\$573.6	\$331.3
Short-term investments.....	207.1	208.3
Accounts receivable, less allowance for doubtful accounts of \$101.7 and \$97.1.....	405.6	439.3
Inventories, net.....	339.2	258.4
Other current assets.....	156.9	168.5
	-----	-----
Total current assets.....	1,682.4	1,405.8

INVESTMENTS, principally in affiliates.....	1,246.8	1,177.7
	-----	-----

PROPERTY AND EQUIPMENT.....	4,088.8	3,600.1
Accumulated depreciation.....	(1,317.4)	(1,061.3)
	-----	-----
Property and equipment, net.....	2,771.4	2,538.8

DEFERRED CHARGES.....	9,041.5	8,578.8
Accumulated amortization.....	(1,952.2)	(1,612.5)
	-----	-----
Deferred charges, net.....	7,089.3	6,966.3
	-----	-----
	\$12,789.9	\$12,088.6
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable and accrued expenses.....	\$1,115.6	\$1,044.3
Accrued interest.....	167.8	91.1
Current portion of long-term debt, including optional debt repayments of \$53.6 and \$70.0.....	162.4	229.5
	-----	-----
Total current liabilities.....	1,445.8	1,364.9

LONG-TERM DEBT, less current portion.....	6,699.5	7,102.7
	-----	-----

DEFERRED INCOME TAXES.....	2,117.2	2,140.5
	-----	-----

MINORITY INTEREST AND OTHER.....	1,018.6	859.3
	-----	-----

COMMITMENTS AND CONTINGENCIES

COMMON EQUITY PUT OPTIONS.....	31.4	69.6
	-----	-----

STOCKHOLDERS' EQUITY

Preferred stock - authorized, 20,000,000 shares		
5% series A convertible, no par value, issued, 6,370 at redemption value...	31.9	31.9
5.25% series B mandatorily redeemable convertible, \$1,000 par value, issued, 506,563 at redemption value.....	506.6	
Class A special common stock, \$1 par value - authorized, 500,000,000 shares; issued, 308,407,111 and 283,281,675.....	308.4	283.3
Class A common stock, \$1 par value - authorized, 200,000,000 shares; issued, 31,793,767 and 33,959,368	31.8	34.0
Class B common stock, \$1 par value - authorized, 50,000,000 shares; issued, 8,786,250	8.8	8.8
Additional capital.....	2,826.0	2,326.6
Accumulated deficit.....	(2,326.1)	(2,127.1)
Unrealized gains on marketable securities.....	103.4	0.1
Cumulative translation adjustments.....	(13.4)	(6.0)
	-----	-----
Total stockholders' equity.....	1,477.4	551.6
	-----	-----
	\$12,789.9	\$12,088.6
	=====	=====

See notes to condensed consolidated financial statements.

COMCAST CORPORATION AND SUBSIDIARIES
FORM 10-Q
QUARTER ENDED SEPTEMBER 30, 1997
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT
(Unaudited)

	(Amounts in millions, except per share data)			
	Nine Months Ended September 30,		Three Months Ended September 30,	
	1997	1996	1997	1996
REVENUES				
Service income.....	\$2,081.5	\$1,584.0	\$713.6	\$543.5
Net sales from electronic retailing.....	1,438.0	1,286.9	490.6	431.1
	-----	-----	-----	-----
	3,519.5	2,870.9	1,204.2	974.6
	-----	-----	-----	-----
COSTS AND EXPENSES				
Operating.....	919.8	679.6	308.5	226.1
Cost of goods sold from electronic retailing.....	867.2	774.7	297.2	262.3
Selling, general and administrative.....	666.4	554.6	233.5	190.4
Depreciation.....	341.7	219.7	120.2	77.0
Amortization.....	362.0	271.3	121.1	89.7
	-----	-----	-----	-----
	3,157.1	2,499.9	1,080.5	845.5
	-----	-----	-----	-----
OPERATING INCOME.....	362.4	371.0	123.7	129.1
OTHER (INCOME) EXPENSE				
Interest expense.....	422.8	403.7	143.9	135.7
Investment income.....	(133.1)	(63.7)	(44.5)	(16.2)
Equity in net losses of affiliates.....	212.1	89.2	85.9	28.9
Gain from equity offering of affiliate.....		(40.6)		
Other.....	13.4	22.6	9.0	(0.3)
	-----	-----	-----	-----
	515.2	411.2	194.3	148.1
	-----	-----	-----	-----
LOSS BEFORE INCOME TAX EXPENSE, MINORITY INTEREST AND EXTRAORDINARY ITEMS.....	(152.8)	(40.2)	(70.6)	(19.0)
INCOME TAX EXPENSE.....	45.4	33.9	8.5	9.3
	-----	-----	-----	-----
LOSS BEFORE MINORITY INTEREST AND EXTRAORDINARY ITEMS.....	(198.2)	(74.1)	(79.1)	(28.3)
MINORITY INTEREST.....	(66.8)	(47.4)	(27.0)	(18.4)
	-----	-----	-----	-----
LOSS BEFORE EXTRAORDINARY ITEMS.....	(131.4)	(26.7)	(52.1)	(9.9)
EXTRAORDINARY ITEMS.....	(25.9)	(1.0)	(3.1)	
	-----	-----	-----	-----
NET LOSS.....	(157.3)	(27.7)	(55.2)	(9.9)
PREFERRED DIVIDENDS.....	(7.8)	(0.3)	(7.0)	(0.3)
	-----	-----	-----	-----
NET LOSS FOR COMMON STOCKHOLDERS.....	===== (\$165.1)	===== (\$28.0)	===== (\$62.2)	===== (\$10.2)
ACCUMULATED DEFICIT				
Beginning of period	(\$2,127.1)	(\$1,914.3)	(\$2,262.6)	(\$2,030.6)
Net loss.....	(157.3)	(27.7)	(55.2)	(9.9)
Common dividends - \$.070, \$.070, \$.0233 and \$.0233 per share.....	(24.0)	(18.6)	(8.3)	(7.6)
Retirement of common stock.....	(17.7)	(128.4)		(40.9)
	-----	-----	-----	-----
End of period.....	===== (\$2,326.1)	===== (\$2,089.0)	===== (\$2,326.1)	===== (\$2,089.0)
LOSS FOR COMMON STOCKHOLDERS PER COMMON SHARE				
Loss before extraordinary items.....	===== (\$.42)	===== (\$.11)	===== (\$.17)	===== (\$.04)
Extraordinary items.....	===== (.08)	===== -----	===== (.01)	===== -----
	-----	-----	-----	-----
Net loss.....	===== (\$.50)	===== (\$.11)	===== (\$.18)	===== (\$.04)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING DURING THE PERIOD.....	===== 333.2	===== 236.2	===== 348.9	===== 233.3

See notes to condensed consolidated financial statements.

COMCAST CORPORATION AND SUBSIDIARIES
FORM 10-Q
QUARTER ENDED SEPTEMBER 30, 1997
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

(Dollars in millions)
Nine Months Ended September 30,
1997 1996

OPERATING ACTIVITIES

Net loss.....	(\$157.3)	(\$27.7)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation.....	341.7	219.7
Amortization.....	362.0	271.3
Non-cash interest expense, net.....	39.4	48.1
Equity in net losses of affiliates.....	212.1	89.2
Gains on long-term investments, net of losses.....	(93.1)	(22.1)
Gain from equity offering of affiliate.....		(40.6)
Minority interest.....	(66.8)	(47.4)
Extraordinary items.....	25.9	1.0
Deferred income taxes and other.....	(22.4)	4.3
	-----	-----
	641.5	495.8
Decrease in accounts receivable, net.....	54.4	45.3
Increase in inventories, net.....	(80.8)	(11.8)
Decrease (increase) in other current assets.....	2.4	(2.7)
Increase (decrease) in accounts payable and accrued expenses.....	47.9	(26.0)
Increase in accrued interest.....	76.7	26.7
	-----	-----
Net cash provided by operating activities.....	742.1	527.3
	-----	-----

FINANCING ACTIVITIES

Proceeds from borrowings.....	2,968.3	660.4
Retirement and repayment of debt.....	(3,518.4)	(486.7)
Issuance of preferred stock.....	500.0	
Issuances of common stock, net.....	499.5	1.5
Repurchases of common stock, net.....	(33.6)	(171.2)
Dividends.....	(25.2)	(18.9)
Deferred financing costs.....	(43.8)	(3.2)
Other.....	(1.5)	(1.1)
	-----	-----
Net cash provided by (used in) financing activities.....	345.3	(19.2)
	-----	-----

INVESTING ACTIVITIES

Acquisitions, net of cash acquired.....	(136.1)	(58.0)
Proceeds from sales of short-term investments, net.....	2.4	270.5
Investments, principally in affiliates.....	(180.3)	(447.6)
Proceeds from sales of and distributions from investments, principally in affiliates	169.1	111.3
Proceeds from investee's repayment of loan.....	25.2	
Capital expenditures.....	(682.0)	(450.2)
Additions to deferred charges.....	(37.5)	(37.6)
Other.....	(5.9)	(9.4)
	-----	-----
Net cash used in investing activities.....	(845.1)	(621.0)
	-----	-----

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	242.3	(112.9)
CASH AND CASH EQUIVALENTS, beginning of period.....	331.3	539.1
	-----	-----
CASH AND CASH EQUIVALENTS, end of period.....	\$573.6	\$426.2
	=====	=====

See notes to condensed consolidated financial statements.

COMCAST CORPORATION AND SUBSIDIARIES
FORM 10-Q
QUARTER ENDED SEPTEMBER 30, 1997
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Basis of Presentation

The condensed consolidated balance sheet as of December 31, 1996 has been condensed from the audited consolidated balance sheet as of that date. The condensed consolidated balance sheet as of September 30, 1997, the condensed consolidated statement of operations and accumulated deficit for the nine and three months ended September 30, 1997 and 1996 and the condensed consolidated statement of cash flows for the nine months ended September 30, 1997 and 1996 have been prepared by Comcast Corporation (the "Company") and have not been audited by the Company's independent auditors. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows as of September 30, 1997 and for all periods presented have been made.

Certain information and note disclosures normally included in the Company's annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's December 31, 1996 Annual Report on Form 10-K filed with the Securities and Exchange Commission. The results of operations for the periods ended September 30, 1997 are not necessarily indicative of operating results for the full year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Accounting Pronouncements

Effective January 1, 1997, the Company adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," which was issued by the Financial Accounting Standards Board ("FASB") in June 1996. Under this statement, after a transfer of financial assets, an entity recognizes the financial and servicing assets it controls and the liabilities it has incurred, derecognizes financial assets when control has been surrendered and derecognizes liabilities when extinguished. Adoption of this statement did not have a significant impact on the Company's consolidated financial position or results of operations.

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

In June 1997, the FASB issued SFAS No. 130, "Reporting Comprehensive Income." This statement, which establishes standards for reporting and disclosure of comprehensive income, is effective for interim and annual periods beginning after December 15, 1997, although earlier adoption is permitted. Reclassification of financial information for earlier periods presented for comparative purposes is required under SFAS No. 130. As this statement only requires additional disclosures in the Company's consolidated financial statements, its adoption will not have any impact on the Company's consolidated financial position or results of operations. The Company expects to adopt SFAS No. 130 effective January 1, 1998.

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

COMCAST CORPORATION AND SUBSIDIARIES
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QUARTER ENDED SEPTEMBER 30, 1997
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

Loss for Common Stockholders Per Common Share

Loss for common stockholders per common share amounts were computed by dividing net loss and loss before extraordinary items, after deduction of preferred stock dividends, by the weighted average number of common shares outstanding during the period. For the nine and three months ended September 30, 1997 and 1996, the Company's common stock equivalents have an antidilutive effect on net loss per share and, therefore, have not been used in determining the total weighted average number of common shares outstanding.

Reclassifications

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

3. ACQUISITIONS AND OTHER SIGNIFICANT EVENTS

Cable TV Fund 14 A/B Venture

In October 1997, the Company and Jones Intercable, Inc. ("Jones Intercable") entered into an agreement whereby the Company, through an indirect majority owned subsidiary, will acquire Cable TV Fund 14 A/B Venture, a cable television system serving approximately 65,000 subscribers in and around Broward County, Florida for \$140 million in cash, subject to certain adjustments. The acquisition is expected to be funded with the proceeds from borrowings under one of the Company's subsidiary's existing credit facilities. The acquisition is subject to a number of conditions, including the receipt of necessary regulatory approvals and the approval of the limited partners of Cable TV Fund 14 A/B Venture. The acquisition is expected to close in the first quarter of 1998.

Microsoft Investment

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

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

Offerings of Subsidiary Debt

In May 1997, Comcast Cellular Holdings, Inc. ("Comcast Cellular"), a wholly owned subsidiary of the Company, completed the sale of \$1.0 billion principal amount of 9 1/2% Senior Notes due 2007 (the "Cellular Notes") through a private offering with registration rights. The Cellular Notes are obligations of Comcast Cellular and are not obligations of, nor guaranteed by, the Company. Comcast Cellular used the net proceeds from the offering to repay existing borrowings by its subsidiaries, including its senior participating redeemable zero coupon notes. Collectively, these transactions are referred to herein as the "Cellular Refinancing."

In May 1997, Comcast Cable Communications, Inc. ("Comcast Cable"), a wholly owned subsidiary of the Company, completed the sale of \$1.7 billion principal amount of notes (the "Cable Notes") through a private

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

offering with registration rights. The Cable Notes were issued in four tranches: \$300.0 million principal amount of 8 1/8% Notes due 2004, \$600.0 million principal amount of 8 3/8% Notes due 2007, \$550.0 million principal amount of 8 7/8% Notes due 2017 and \$250.0 million principal amount of 8 1/2% Notes due 2027. The Notes due 2027 are subject to repurchase at the option of the holder in 2009. The Cable Notes are obligations of Comcast Cable and are not obligations of, nor guaranteed by, the Company. Comcast Cable used substantially all of the net proceeds from the offering to repay existing borrowings by its subsidiaries. Collectively, these transactions are referred to herein as the "Cable Refinancing."

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

E! Entertainment

On March 31, 1997, the Company, through Comcast Entertainment Holdings LLC (the "LLC"), which is owned 50.1% by the Company and 49.9% by The Walt Disney Company ("Disney"), purchased a 58.4% interest in E! Entertainment Television, Inc. ("E! Entertainment"), an entertainment programming service distributed to more than 42 million subscribers, from Time Warner, Inc. ("Time Warner") for \$321.9 million (the "E! Acquisition"). The E! Acquisition was funded by cash contributions to the LLC by the Company and Disney of \$132.8 million and \$189.1 million, respectively. In connection with the E! Acquisition, the Company contributed its 10.4% interest in E! Entertainment to the LLC. Following these transactions, the LLC owns a 68.8% interest in E! Entertainment. To fund the cash contribution to the LLC, the Company borrowed \$132.8 million from Disney in the form of two 10-year, 7% notes (the "Disney Notes").

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

After September 1998, Disney, in certain circumstances, is entitled to request that the LLC purchase Disney's entire interest in the LLC at its then fair market value (as determined by an appraisal process). If the LLC elects not to purchase Disney's interest, Disney has the right, at its option, to purchase either the Company's entire interest in the LLC or all of the shares of stock of E! Entertainment held by the LLC, in each case at fair market value. In the event that Disney exercises its rights, as described above, a portion or all of the Disney Notes may be replaced with a three year note due to Disney.

Scripps Cable

In November 1996, the Company acquired the cable television operations ("Scripps Cable") of The E.W. Scripps Company ("E.W. Scripps") in exchange for 93.048 million shares of Class A Special Stock valued at \$1.552 billion (the "Scripps Acquisition"). The Company accounted for the Scripps Acquisition under the purchase method and Scripps Cable was consolidated with the Company effective November 1, 1996. During the second quarter of 1997, the Company recorded the final purchase price allocation relating to the Scripps Acquisition. The terms of the Scripps Acquisition provide for, among other things, the indemnification of the Company by E. W. Scripps for certain liabilities, including tax liabilities, relating to Scripps Cable prior to the acquisition date.

Comcast-Spectacor

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

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

The Sports Venture Acquisition was completed in two steps. In April 1996, the Company purchased the Sixers for \$125.0 million in cash plus assumed net liabilities of approximately \$11.0 million through a partnership controlled by the Company. To complete the Sports Venture Acquisition, in July 1996, the Company contributed its interest in the Sixers, exchanged approximately 3.5 million shares of the Company's Class A Special Stock and 6,370 shares of the Company's newly issued 5% Series A Convertible Preferred Stock and paid \$15.0 million in cash for its current interest in Comcast-Spectacor. The remaining 34% interest in Comcast-Spectacor is owned by a group, including the former majority owner of PFLP, who also manages Comcast-Spectacor. In connection with the Sports Venture Acquisition, Comcast-Spectacor assumed the outstanding liabilities relating to the Sixers and the Arenas, including a mortgage obligation of \$155.0 million. The Company accounts for its interest in Comcast-Spectacor under the equity method (see Note 4).

Unaudited Pro Forma Information

The following unaudited pro forma information for the nine months ended September 30, 1996 has been presented as if the Scripps Acquisition occurred on January 1, 1996. This unaudited pro forma information is based on historical results of operations, adjusted for acquisition costs, and, in the opinion of management, is not necessarily indicative of what the results would have been had the Company operated Scripps Cable since January 1, 1996 (dollars in millions, except per common share data).

	Nine Months Ended September 30, 1996
Revenues.....	\$3,097.0
Loss before extraordinary items.....	(66.9)
Net loss for common stockholders.....	(68.2)
Net loss for common stockholders per common share.....	(.21)

4. INVESTMENTS, PRINCIPALLY IN AFFILIATES

	September 30, 1997	December 31, 1996
	(Dollars in millions)	
Equity method.....	\$918.9	\$966.1
Fair value method.....	289.1	165.5
Cost method.....	38.8	46.1
	-----	-----
	\$1,246.8	\$1,177.7
	=====	=====

COMCAST CORPORATION AND SUBSIDIARIES
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QUARTER ENDED SEPTEMBER 30, 1997
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

Equity Method

The Company records its proportionate interests in the net income (loss) of substantially all of its investees, other than the UK Investees (see below), three months in arrears. The Company's recorded investments exceed its proportionate interests in the book value of the investees' net assets by \$193.4 million as of September 30, 1997 (primarily related to the investments in Comcast-Spectacor and Sprint PCS (see below)). Such excess is being amortized to equity in net income or loss, primarily over a period of twenty years, which is consistent with the estimated lives of the underlying assets. The original cost of investments accounted for under the equity method totaled \$1.445 billion and \$1.271 billion as of September 30, 1997 and December 31, 1996, respectively. Summarized financial information for the Company's equity method investees is presented below (dollars in millions).

	Sprint PCS	TCGI	UK Investees	Other	Combined
Nine Months Ended September 30, 1997:					
Combined Results of Operations					
Revenues, net.....	\$39.0	\$300.0	\$143.3	\$672.1	\$1,154.4
Operating, selling, general and administrative expenses.....	588.2	278.9	125.4	708.4	1,700.9
Depreciation and amortization.....	110.1	93.4	52.5	81.7	337.7
Operating loss.....	(659.3)	(72.3)	(34.6)	(118.0)	(884.2)
Net loss (a).....	(730.2)	(139.1)	(66.2)	(159.7)	(1,095.2)
Company's Equity in Net Loss					
Equity in current period net loss (b).....	(\$109.5)	(\$22.1)	(\$25.1)	(\$49.0)	(\$205.7)
Amortization expense.....	(0.8)	(0.3)	(0.4)	(4.9)	(6.4)
Total equity in net loss.....	(\$110.3)	(\$22.4)	(\$25.5)	(\$53.9)	(\$212.1)
	=====	=====	=====	=====	=====
Three Months Ended September 30, 1997:					
Combined Results of Operations					
Revenues, net.....	\$25.4	\$115.8	\$50.4	\$229.8	\$421.4
Operating, selling, general and administrative expenses.....	236.7	107.0	43.2	255.4	642.3
Depreciation and amortization.....	66.3	37.2	16.5	27.6	147.6
Operating loss.....	(277.6)	(28.4)	(9.3)	(53.2)	(368.5)
Net loss (a).....	(331.4)	(51.4)	(21.4)	(70.1)	(474.3)
Company's Equity in Net Loss					
Equity in current period net loss.....	(\$49.7)	(\$7.9)	(\$8.4)	(\$17.7)	(\$83.7)
Amortization (expense) income.....	(0.7)	0.1	(0.1)	(1.5)	(2.2)
Total equity in net loss.....	(\$50.4)	(\$7.8)	(\$8.5)	(\$19.2)	(\$85.9)
	=====	=====	=====	=====	=====
Combined Financial Position					
As of September 30, 1997:					
Current assets.....	\$335.7	\$572.2	\$40.9	\$320.3	\$1,269.1
Noncurrent assets.....	5,050.8	1,588.0	697.3	1,197.7	8,533.8
Current liabilities.....	300.0	260.9	75.1	825.4	1,461.4
Noncurrent liabilities.....	3,003.9	1,095.1	521.2	557.2	5,177.4

- (a) See footnote (1) on page 10.
(b) See footnote (2) on page 10.

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	Sprint PCS	TCGI (3)	UK Investees	Other	Combined
Nine Months Ended September 30, 1996:					
Combined Results of Operations					
Revenues, net.....	\$	\$120.1	\$113.7	\$390.8	\$624.6
Operating, selling, general and administrative expenses.....	122.0	111.3	104.4	393.3	731.0
Depreciation and amortization.....	0.7	32.1	41.6	46.6	121.0
Operating loss.....	(122.7)	(23.3)	(32.3)	(49.1)	(227.4)
Net loss (1).....	(243.5)	(51.1)	(52.9)	(68.8)	(416.3)
Company's Equity in Net Loss					
Equity in current period net loss.....	(\$36.5)	(\$9.7)	(\$21.3)	(\$18.3)	(\$85.8)
Amortization income (expense).....	0.6	(0.8)		(3.2)	(3.4)
Total equity in net loss.....	=====	=====	=====	=====	=====

Three Months Ended September 30, 1996:

Combined Results of Operations					
Revenues, net.....	\$	\$	\$36.6	\$142.2	\$178.8
Operating, selling, general and administrative expenses.....	46.5		33.3	147.9	227.7
Depreciation and amortization.....	0.4		13.4	15.8	29.6
Operating loss.....	(46.9)		(10.1)	(21.5)	(78.5)
Net loss (1).....	(90.8)		(16.7)	(29.0)	(136.5)
Company's Equity in Net Loss					
Equity in current period net loss.....	(\$13.6)		(\$6.5)	(\$7.6)	(\$27.7)
Amortization expense.....				(1.2)	(1.2)
Total equity in net loss.....	=====	=====	=====	=====	=====

-
- (1) Net loss also represents loss from continuing operations before extraordinary items and cumulative effect of changes in accounting principle.
- (2) As a result of the E! Acquisition, the Company recorded a charge representing the cumulative amount that would have been recorded had the Company accounted for its investment in E! Entertainment under the equity method since the date of initial investment (the "Cumulative Charge"). Since the Company's proportionate share of E! Entertainment's cumulative losses was in excess of the Company's historical cost basis in E! Entertainment and as the Company was under no contractual obligation to fund the losses of E! Entertainment, the Cumulative Charge was limited to the Company's historical cost basis of \$12.1 million. Such amount is included in equity in net losses of affiliates in the Company's condensed consolidated statement of operations and accumulated deficit for the nine months ended September 30, 1997 as it is not significant for restatement of the Company's prior year financial statements.
- (3) As the result of the TCGI IPO and Reorganization, which is described in more detail below, in June 1996, the Company began to account for its proportionate interest in TCGI three months in arrears resulting in no equity in current period net loss being recorded for the three months ended September 30, 1996.

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

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TCGI. Through June 1996, the Company held investments in Teleport Communications Group, Inc. ("TCGI"), TCG Partners and certain local joint ventures (the "Teleport Joint Ventures") managed by TCGI and TCG Partners. TCGI is one of the largest competitive alternative access providers in the United States in terms of route miles. The Company had a 20.0% investment in TCGI and interests in the Teleport Joint Ventures ranging from 12.4% to 20.3%. In June 1996, TCGI sold approximately 27 million shares of its Class A Common Stock (the "TCGI Class A Stock"), for \$16 per share, in an initial public offering (the "TCGI IPO"). In connection with the TCGI IPO, TCGI, the Company and subsidiaries of Cox, TCI and Continental Cablevision ("Continental" and collectively with Cox, TCI and the Company, the "Cable Stockholders") entered into an agreement pursuant to which TCGI was reorganized (the "Reorganization"). The Reorganization consisted of, among other things: (i) the acquisition by TCGI of TCG Partners; (ii) the acquisition by TCGI of additional interests in the Teleport Joint Ventures (including 100% of those interests held by the Company); and (iii) the contribution to TCGI of \$269.0 million aggregate principal amount of indebtedness, plus accrued interest thereon, owed by TCGI to the Cable Stockholders (except that TCI retained a \$26 million subordinated note of TCGI), including \$53.8 million principal amount and \$4.1 million of accrued interest owed to the Company. In connection with the Reorganization, the Company received 25.6 million shares of TCGI's Class B Common Stock (the "TCGI Class B Stock"). Each share of TCGI Class B Stock is entitled to voting power equivalent to ten shares of TCGI Class A Stock and is convertible, at the option of the holder, into one share of TCGI Class A Stock. As a result of the TCGI IPO, the Company recorded a \$40.6 million increase in its proportionate share of TCGI's net assets as a gain from equity offering of affiliate in its condensed consolidated statement of operations and accumulated deficit for the nine months ended September 30, 1996.

During the three months ended March 31, 1997, the Company received 2.76 million shares of TCGI Class A Stock from TCGI in exchange for the Company's shares of an alternate access provider. In May 1997, the Company sold all of its shares of TCGI Class A Stock for \$68.9 million and recognized a \$68.9 million pre-tax gain, which is included in investment income in its condensed consolidated statement of operations and accumulated deficit for the nine months ended September 30, 1997.

As of September 30, 1997, the Company owns TCGI Class B Stock representing a 19.8% voting interest and a 15.5% equity interest. The Company continues to account for its interest in TCGI under the equity method based on its voting interest maintained through the TCGI Class B Stock, its representation on TCGI's board of directors and its participation in a TCGI stockholder agreement granting certain rights to a control group. Assuming conversion of the TCGI Class B Stock held by the Company into TCGI Class A Stock, the Company's investment in TCGI, which had a carrying value of \$123.3 million as of September 30, 1997, would have a fair value of approximately \$1.239 billion, based on the quoted market price of the TCGI Class A Stock as of October 31, 1997.

UK Investees. As of September 30, 1997, Comcast UK Cable Partners Limited ("Comcast UK Cable"), a consolidated subsidiary of the Company, holds a 27.5% interest in Birmingham Cable Corporation Limited and a 50.0% interest in Cable London PLC. In addition, Comcast UK Cable historically held an investment in Cambridge Holding Company Limited ("Cambridge Cable"). In March 1996, Comcast UK Cable purchased the 50.0% interest in Cambridge Cable that it had not previously owned for cash and approximately 8.9 million of its Class A Common Shares (the "Cambridge Acquisition"). Following the Cambridge Acquisition, Comcast UK Cable owns 100.0% of Cambridge Cable and consolidated the financial position and results of operations of Cambridge Cable effective March 31, 1996.

Other. The Company's 10 other equity method investees include investments in wired telecommunications (including Garden State Cablevision, L.P., a cable communications company serving 206,000 subscribers as of September 30, 1997 in the State of New Jersey), wireless telecommunications (including Primestar - see below) and content providers (including Comcast-Spectacor - see Note 3). The Company holds interests representing less than 20% of the total outstanding ownership interest in certain of its other equity method investees. The equity method of accounting is utilized for these investments based on the type of investment (i.e. general partnership interest), board representation, participation in a controlling investor group, significant shareholder rights or a combination of these and other factors. In addition, the Company's 66% interest in Comcast-Spectacor is accounted for under the equity method since the Company does not have control over Comcast-Spectacor's operations. The Company

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does not consider these other equity method investments to be individually significant to its consolidated financial position, results of operations or liquidity.

Roll-up of Primestar's Operations. In June 1997, the Company entered into a binding letter agreement (the "Roll-up Agreement") with PRIMESTAR Partners L.P. ("Primestar") and the affiliates of each of the other partners of Primestar, including TCI Satellite Entertainment, Inc. ("TSAT"), a publicly-traded company. Primestar, in which the Company holds a 10.4% general and limited partnership interest, is principally engaged in the business of acquiring, originating and/or providing television programming services delivered by satellite through a network of distributors, including the Company, throughout the United States. The Roll-up Agreement sets forth the principal terms and conditions of a proposed transaction (the "Roll-up Transaction"), through which the Company's direct broadcast satellite ("DBS") operations, Primestar and the Primestar-related distribution businesses of the other partners of Primestar will be consolidated into a newly-formed publicly-traded company ("New Primestar"). In connection with the Roll-up Transaction, TSAT will become a wholly owned subsidiary of New Primestar. The Company provided DBS services, through a distributorship arrangement with Primestar, to 169,000 subscribers as of September 30, 1997.

New Primestar will acquire the Primestar partnership interests, subscribers and related assets, as applicable, of the parties to the Roll-up Transaction, in exchange for (i) cash, (ii) shares of Series A Common Stock of New Primestar and (iii) shares of Series C Common Stock of New Primestar, in each case in an amount determined pursuant to the Roll-up Agreement. The Company will have the right to continue to market and support the Primestar programming services on an agency basis after consummation of the Roll-up Transaction; however, the terms of such arrangement have not yet been determined. Under the terms of the Roll-up Agreement, upon closing of the Roll-up Transaction, the Company is expected to receive approximately \$75 million in cash and to own approximately 10% of New Primestar common equity, both subject to adjustment based on the number of subscribers, inventory amounts and other factors. As of September 30, 1997, assets of the Company's DBS operations totaled \$149.4 million.

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

These transactions are not conditioned on each other and may close independently. They are expected to close in 1998, subject to receipt of all necessary governmental and regulatory approvals, including the approval of the Federal Communications Commission. There can be no assurance that such approvals will be obtained.

Fair Value Method

The Company holds unrestricted equity investments in certain publicly traded companies, with an historical cost of \$130.0 million and \$212.7 million as of September 30, 1997 and December 31, 1996, respectively. The Company has recorded these investments, which are classified as available for sale, at their estimated fair values of \$289.1 million and \$212.9 million as of September 30, 1997 and December 31, 1996, respectively. The unrealized pre-tax gains as of September 30, 1997 (which includes the @Home Unrestricted Shares - see below) and December 31, 1996 of \$159.1 million and \$0.2 million, respectively, have been reported in the Company's condensed consolidated balance sheet as a component of stockholders' equity, net of related deferred income tax expense of \$55.7 million and \$0.1 million, respectively.

@Home. In July 1997, At Home Corporation ("@Home"), an investee of the Company previously accounted for under the equity method, completed an initial public offering of its Series A Common Stock (the "@Home IPO"). @Home provides Internet services to customers and businesses over the cable television infrastructure in a limited number of cities in the United States. Effective July 1, 1997, due to the dilution of the Company's equity and voting interests and other factors subsequent to the @Home IPO, the Company has discontinued the equity method of accounting for its investment in @Home. As of September 30, 1997, the Company holds 8.0 million contractually

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restricted shares (the "Restricted Shares") and 6.6 million unrestricted shares (the "Unrestricted Shares") of @Home Series A Common Stock (the "@Home Series A Stock"), representing a 12.4% and a 5.7% equity and voting interest, respectively. The Company has recorded the Restricted Shares at their historical cost of \$1.1 million and the Unrestricted Shares, which are classified as available for sale, at their estimated fair market value of \$151.5 million, based on the quoted market price of the @Home Series A Stock as of September 30, 1997. The unrealized pre-tax gain as of September 30, 1997 of \$150.6 million has been reported in the Company's condensed consolidated balance sheet as a component of stockholders' equity, net of related deferred income tax expense of \$52.7 million.

Nextel. At December 31, 1996, the Company held 3.3 million shares of Nextel Communications, Inc. ("Nextel") common stock and options to acquire an additional 25.0 million shares of Nextel common stock at \$16 per share. As of December 31, 1996, these options, which had an historical cost of \$20.0 million, were included in investments in publicly traded companies at their fair value of \$32.6 million. In February 1997, the Company sold these options to Nextel for \$25.0 million and recognized a pre-tax gain of \$5.0 million, which is included in investment income in the Company's condensed consolidated statement of operations and accumulated deficit for the nine months ended September 30, 1997. In July 1997, the Company sold its 3.3 million shares of Nextel common stock for \$73.4 million, resulting in a pre-tax gain of \$32.2 million, which is included in investment income in the Company's condensed consolidated statement of operations and accumulated deficit for the nine and three months ended September 30, 1997.

In February 1996, in connection with certain preemptive rights of the Company under previously existing agreements with Nextel, the Company purchased 8.16 million shares of Nextel common stock at \$12.25 per share, for \$99.9 million. During the nine and three months ended September 30, 1996, the Company sold 5.6 million shares and 1.2 million shares, respectively, of Nextel common stock for \$105.4 million and \$19.9 million, respectively, and recognized pre-tax gains of \$35.4 million and \$5.8 million, respectively, which are included in investment income in its condensed consolidated statement of operations and accumulated deficit.

Time Warner/TBS. The Company received 1.36 million shares of Time Warner common stock (the "Time Warner Stock") in exchange (the "Exchange") for all of the shares of Turner Broadcasting System, Inc. ("TBS") stock (the "TBS Stock") held by the Company as a result of the merger of Time Warner and TBS in October 1996. As a result of the Exchange, the Company recognized a pre-tax gain of \$47.3 million in the fourth quarter of 1996, representing the difference between the Company's historical cost basis in the TBS Stock of \$8.9 million and the new basis for the Company's investment in Time Warner Stock of \$56.2 million, which was based on the closing price of the Time Warner Stock on the merger date of \$41.375 per share. In December 1996 and January 1997, the Company sold 92,500 shares and 1.27 million shares, respectively, of the Time Warner Stock, representing the Company's entire interest in Time Warner, for \$3.7 million and \$48.6 million, respectively. In connection with the January 1997 sales, the Company recognized a pre-tax loss of \$3.8 million, which is included in investment income in its condensed consolidated statement of operations and accumulated deficit for the nine months ended September 30, 1997. As of December 31, 1996, the 1.27 million shares of Time Warner Stock held by the Company were recorded at their fair value of \$47.4 million and were included in short-term investments in the Company's condensed consolidated balance sheet.

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5. LONG-TERM DEBT

The Cable Refinancing and the Cellular Refinancing had a significant impact on the maturities of the Company's long-term debt. Maturities of long-term debt outstanding as of September 30, 1997 and December 31, 1996 through 2001 are as follows (dollars in millions):

	As of September 30, 1997	As of December 31, 1996
1997.....	\$ 71.9 (1)	\$229.5
1998.....	110.0	671.5
1999.....	206.3	462.5
2000.....	305.3	668.1
2001.....	578.0	1,282.4

(1) Represents maturities of long-term debt for the remaining three months of 1997, which includes \$43.6 million of debt redeemed in October 1997 (see below) and a \$10.0 million optional debt repayment made in October 1997.

As of September 30, 1997 and December 31, 1996, the Company's effective weighted average interest rate on its long-term debt outstanding was 8.26% and 7.68%, respectively.

Debt Repayments

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

In July 1997, the Company made optional debt repayments aggregating \$527.0 with existing cash, cash equivalents and short-term investments.

In October 1997, the Company completed the redemption of its \$250.0 million principal amount 3 3/8% / 5 1/2% step up convertible subordinated debentures due 2005 (the "Step Up Debentures"). The Company issued 8.4 million shares of its Class A Special Stock upon conversion of \$206.4 million principal amount of Step Up Debentures while \$43.6 million principal amount of Step Up Debentures was redeemed for cash at a redemption price of 105.58% of the principal amount, together with accrued interest thereon. Stockholders' equity will be increased by the full amount of Step Up Debentures converted plus accrued interest, less unamortized debt acquisition costs. In connection with the redemption of the Step Up Debentures, the Company will expense unamortized debt acquisition costs and incur debt extinguishment costs of approximately \$3.0 million, resulting in an extraordinary loss, net of tax, of approximately \$1.9 million during the fourth quarter of 1997.

In October 1997, a subsidiary of the Company refinanced one of its existing revolving credit facilities with the proceeds from borrowings under a new \$400.0 million credit agreement (the "New Bank Facility") with certain banks. Initial borrowings under the New Bank Facility of \$215.0 million were used principally to repay existing debt. As a result of the refinancing, the Company will expense unamortized debt acquisition costs of approximately \$5.2 million, resulting in an extraordinary loss, net of tax, of approximately \$3.4 million during the fourth quarter of 1997.

Extraordinary Items

Extraordinary items, for the nine and three months ended September 30, 1997, of \$25.9 million or \$.08 per common share and \$3.1 million or \$.01 per common share consist of unamortized debt acquisition costs and debt extinguishment costs of \$39.8 million and \$4.7 million, respectively, net of the related tax benefit of \$13.9 million and \$1.6 million, respectively, incurred principally in connection with the Cable Refinancing, the Cellular

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Refinancing and the redemption of the 10% Debentures in the second quarter of 1997 and the optional debt repayments made in the third quarter of 1997.

Lines of Credit

As of October 31, 1997, certain subsidiaries of the Company had unused lines of credit of \$1.060 billion. The availability and use of the unused lines of credit is restricted by the covenants of the related debt agreements and to subsidiary general purposes and dividend declaration. The Company continually evaluates its debt structure with the intention of reducing its debt service requirements when desirable.

Interest Rate Risk Management

The following table summarizes the terms of the Company's existing interest rate exchange agreements ("Swaps"), interest rate cap agreements ("Caps") and interest rate collar agreements ("Collars") as of September 30, 1997 and December 31, 1996 (dollars in millions):

	Notional Amount	Maturities	Average Interest Rate	Estimated Fair Value
As of September 30, 1997				
Variable to Fixed Swaps	\$600.0	1998-2000	5.56%	\$6.6
Caps	150.0	1998	6.67%	
Collars	100.0	1997-1998	6.64% / 4.95%	
As of December 31, 1996				
Variable to Fixed Swaps	\$1,080.0	1997-2000	5.85%	\$7.4
Caps	250.0	1997	8.55%	
Collars	620.0	1997-1998	6.98% / 5.16%	0.1

The notional amounts of interest rate agreements, as presented in the above table, are used to measure interest to be paid or received and do not represent the amount of exposure to credit loss. The estimated fair value approximates the proceeds (costs) to settle the outstanding contracts. While Swaps, Caps and Collars represent an integral part of the Company's interest rate risk management program, their incremental effect on interest expense for the nine and three months ended September 30, 1997 and 1996 was not significant.

6. STOCKHOLDERS' EQUITY

Concurrent with the announcement of the Scripps Acquisition in October 1995, the Company announced that its Board of Directors authorized a market repurchase program (the "Repurchase Program") pursuant to which the Company could purchase, at such times and on such terms as it deemed appropriate, up to \$500.0 million of its outstanding common equity securities, subject to certain restrictions and market conditions. Based on the trade date for stock repurchases, during the nine months ended September 30, 1997 and 1996 and the three months ended September 30, 1996, the Company repurchased 2.3 million shares, 10.1 million shares and 3.6 million shares, respectively, of its common stock for aggregate consideration of \$36.2 million, \$173.4 million and \$56.8 million, respectively, pursuant to the Repurchase Program. During the term of the Repurchase Program, which terminated on May 13, 1997, the Company repurchased a total of 13.5 million shares of its common stock for aggregate consideration of \$228.6 million.

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

As part of the Repurchase Program, in April 1997, the Company sold put options on 2.0 million shares of its Class A Special Stock. The put options give the holder the right to require the Company to repurchase such shares at

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\$15.68 per share on specific dates in April and May 1998. The amount the Company would be obligated to pay to repurchase such shares upon exercise of the put options, totaling \$31.4 million, has been reclassified from additional capital to common equity put options in the Company's September 30, 1997 condensed consolidated balance sheet.

7. STATEMENT OF CASH FLOWS - SUPPLEMENTAL INFORMATION

The Company made cash payments for interest of \$303.4 million, \$329.0 million, \$69.6 million and \$99.2 million during the nine and three months ended September 30, 1997 and 1996, respectively.

The Company made cash payments for income taxes of \$89.7 million, \$77.7 million, \$14.7 million and \$15.5 million during the nine and three months ended September 30, 1997 and 1996, respectively.

8. 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 these actions will not materially affect the financial position, results of operations or liquidity of the Company.

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9. FINANCIAL DATA BY BUSINESS SEGMENT
(Dollars in millions)

	Domestic Cable Communications	Electronic Retailing	Cellular Communications	Other (1)	Total
Nine Months Ended September 30, 1997					
Revenues, net.....	\$1,537.0	\$1,438.0	\$335.4	\$209.1	\$3,519.5
Depreciation and amortization.....	462.7	79.2	94.4	67.4	703.7
Operating income (loss).....	261.9	151.7	45.6	(96.8)	362.4
Interest expense.....	174.2	42.1	78.7	127.8	422.8
Capital expenditures.....	367.1	69.6	87.2	158.1	682.0
Equity in net losses of affiliates.....				212.1	212.1
Three Months Ended September 30, 1997					
Revenues, net.....	\$515.1	\$490.6	\$115.1	\$83.4	\$1,204.2
Depreciation and amortization.....	155.9	27.6	32.9	24.9	241.3
Operating income (loss).....	92.0	48.7	18.5	(35.5)	123.7
Interest expense.....	54.3	14.2	26.6	48.8	143.9
Capital expenditures.....	115.6	28.5	29.3	61.5	234.9
Equity in net losses of affiliates.....				85.9	85.9
As of September 30, 1997					
Assets.....	\$6,043.6	\$2,194.0	\$1,456.6	\$3,095.7	\$12,789.9
Long-term debt, less current portion.....	2,574.8	787.5	1,139.6	2,197.6	6,699.5
Nine Months Ended September 30, 1996					
Revenues, net.....	\$1,170.9	\$1,286.9	\$317.1	\$96.0	\$2,870.9
Depreciation and amortization.....	289.3	78.9	84.8	38.0	491.0
Operating income (loss).....	286.0	129.7	34.0	(78.7)	371.0
Interest expense.....	168.1	50.5	68.4	116.7	403.7
Capital expenditures.....	207.3	38.9	69.0	135.0	450.2
Equity in net losses (income) of affiliates.....	0.1	(0.1)		89.2	89.2
Three Months Ended September 30, 1996					
Revenues, net.....	\$392.6	\$431.1	\$110.0	\$40.9	\$974.6
Depreciation and amortization.....	96.7	27.0	28.0	15.0	166.7
Operating income (loss).....	95.4	42.2	19.7	(28.2)	129.1
Interest expense.....	57.3	15.4	24.4	38.6	135.7
Capital expenditures.....	69.4	19.4	32.4	50.1	171.3
Equity in net losses of affiliates.....				28.9	28.9

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

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QUARTER ENDED SEPTEMBER 30, 1997

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

Overview

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

General Developments of Business

Cable TV Fund 14 A/B Venture In October 1997, the Company and Jones Intercable, Inc. ("Jones Intercable") entered into an agreement whereby the Company, through an indirect majority owned subsidiary, will acquire Cable TV Fund 14 A/B Venture, a cable television system serving approximately 65,000 subscribers in and around Broward County, Florida for \$140 million in cash, subject to certain adjustments. The acquisition is expected to be funded with the proceeds from borrowings under one of the Company's subsidiary's existing credit facilities. The acquisition is subject to a number of conditions, including the receipt of necessary regulatory approvals and the approval of the limited partners of Cable TV Fund 14 A/B Venture. The acquisition is expected to close in the first quarter of 1998.

Microsoft Investment

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

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

Offerings of Subsidiary Debt

In May 1997, Comcast Cellular Holdings, Inc. ("Comcast Cellular"), a wholly owned subsidiary of the Company, completed the sale of \$1.0 billion principal amount of 9 1/2% Senior Notes due 2007 (the "Cellular Notes") through a private offering with registration rights. The Cellular Notes are obligations of Comcast Cellular and are not obligations of, nor guaranteed by, the Company. Comcast Cellular used the net proceeds from the offering to repay existing borrowings by its subsidiaries, including its senior participating redeemable zero coupon notes. Collectively, these transactions are referred to herein as the "Cellular Refinancing."

In May 1997, Comcast Cable Communications, Inc. ("Comcast Cable"), a wholly owned subsidiary of the Company, completed the sale of \$1.7 billion principal amount of notes (the "Cable Notes") through a private offering with registration rights. The Cable Notes were issued in four tranches: \$300.0 million principal amount of 8 1/8% Notes due 2004, \$600.0 million principal amount of 8 3/8% Notes due 2007, \$550.0 million principal amount of 8 7/8% Notes due

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2017 and \$250.0 million principal amount of 8 1/2% Notes due 2027. The Notes due 2027 are subject to repurchase at the option of the holder in 2009. The Cable Notes are obligations of Comcast Cable and are not obligations of, nor guaranteed by, the Company. Comcast Cable used substantially all of the net proceeds from the offering to repay existing borrowings by its subsidiaries. Collectively, these transactions are referred to herein as the "Cable Refinancing."

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

E! Entertainment

On March 31, 1997, the Company, through Comcast Entertainment Holdings LLC (the "LLC"), which is owned 50.1% by the Company and 49.9% by The Walt Disney Company ("Disney"), purchased a 58.4% interest in E! Entertainment Television, Inc. ("E! Entertainment"), an entertainment programming service distributed to more than 42 million subscribers, from Time Warner, Inc. ("Time Warner") for \$321.9 million (the "E! Acquisition"). The E! Acquisition was funded by cash contributions to the LLC by the Company and Disney of \$132.8 million and \$189.1 million, respectively. In connection with the E! Acquisition, the Company contributed its 10.4% interest in E! Entertainment to the LLC. Following these transactions, the LLC owns a 68.8% interest in E! Entertainment. To fund the cash contribution to the LLC, the Company borrowed \$132.8 million from Disney in the form of two 10-year, 7% notes (the "Disney Notes").

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

After September 1998, Disney, in certain circumstances, is entitled to request that the LLC purchase Disney's entire interest in the LLC at its then fair market value (as determined by an appraisal process). If the LLC elects not to purchase Disney's interest, Disney has the right, at its option, to purchase either the Company's entire interest in the LLC or all of the shares of stock of E! Entertainment held by the LLC, in each case at fair market value. In the event that Disney exercises its rights, as described above, a portion or all of the Disney Notes may be replaced with a three year note due to Disney.

Scripps Cable

In November 1996, the Company acquired the cable television operations ("Scripps Cable") of The E.W. Scripps Company ("E.W. Scripps") in exchange for 93.048 million shares of Class A Special Stock valued at \$1.552 billion (the "Scripps Acquisition"). The Company accounted for the Scripps Acquisition under the purchase method and Scripps Cable was consolidated with the Company effective November 1, 1996. During the second quarter of 1997, the Company recorded the final purchase price allocation relating to the Scripps Acquisition. The terms of the Scripps Acquisition provide for, among other things, the indemnification of the Company by E. W. Scripps for certain liabilities, including tax liabilities, relating to Scripps Cable prior to the acquisition date.

Comcast-Spectacor

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

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

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

Liquidity and Capital Resources

Cash, Cash Equivalents and Short-term Investments

The Company has traditionally maintained significant levels of cash, cash equivalents and short-term investments to meet its short-term liquidity requirements. Cash, cash equivalents and short-term investments as of September 30, 1997 were \$780.7 million. As of September 30, 1997, \$260.7 million of the Company's cash, cash equivalents and short-term investments was restricted to use by subsidiaries of the Company under contractual or other arrangements, including \$100.5 million which is restricted to use by Comcast UK Cable Partners Limited ("Comcast UK Cable").

The Company's cash equivalents and short-term investments are recorded at cost which approximates their fair value. As of September 30, 1997, short-term investments have a weighted average maturity of approximately 7 months.

Investments

Sprint PCS. The Company, Tele-Communications, Inc. ("TCI"), Cox Communications, Inc. ("Cox") and Sprint Corporation ("Sprint," and together with the Company, TCI and Cox, the "Parents"), and certain subsidiaries of the Parents (the "Partner Subsidiaries"), engage in the wireless communications business through a limited partnership known as "Sprint Spectrum" or "Sprint PCS," a development stage enterprise through June 30, 1997. The Company owns 15% of Sprint PCS and accounts for its investment in Sprint PCS under the equity method.

Under the provisions of the Sprint PCS partnership agreement, the Partner Subsidiaries have committed to contribute \$4.2 billion in cash to Sprint PCS through 1999, of which the Company's share is \$630.0 million. Of this funding requirement, the Company has made total cash contributions to Sprint PCS of \$559.3 million through October 31, 1997. The Company anticipates that Sprint PCS' capital requirements over the next several years will be significant. Requirements in excess of committed capital are planned to be funded by Sprint PCS through external financing, including, but not limited to, vendor financing, bank financing and securities offered to the public. In August 1996, Sprint PCS sold \$750.0 million principal amount at maturity of Senior Notes and Senior Discount Notes due 2006 in a public offering. In October 1996, Sprint PCS closed three credit agreements providing a total of \$5.1 billion in available financing, including \$2.0 billion in bank financing and \$3.1 billion in vendor financing. The timing of the Company's remaining capital contributions to Sprint PCS is dependent upon a number of factors, including Sprint PCS' working capital requirements. The Company anticipates funding its remaining capital commitments to Sprint PCS through its cash flows from operating activities, its existing cash, cash equivalents, short-term investments and lines of credit or other external financing, or by a combination of these sources.

TCGI. Through June 1996, the Company held investments in Teleport Communications Group, Inc. ("TCGI"), TCG Partners and certain local joint ventures (the "Teleport Joint Ventures") managed by TCGI and TCG Partners. TCGI is one of the largest competitive alternative access providers in the United States in terms of route miles. The Company had a 20.0% investment in TCGI and interests in the Teleport Joint Ventures ranging from 12.4% to 20.3%. In June 1996, TCGI sold approximately 27 million shares of its Class A Common Stock (the "TCGI Class A Stock"), for \$16 per share, in an initial public offering (the "TCGI IPO"). In connection with the TCGI IPO, TCGI, the Company and subsidiaries of Cox, TCI and Continental Cablevision ("Continental" and collectively with Cox, TCI and the Company, the "Cable Stockholders") entered into an agreement pursuant to which TCGI was reorganized (the "Reorganization"). The Reorganization consisted of, among other things: (i) the acquisition by TCGI of TCG Partners; (ii) the acquisition by TCGI of additional interests in the Teleport Joint Ventures (including 100% of those interests held by the Company); and (iii) the contribution to TCGI of \$269.0 million aggregate principal amount of indebtedness, plus accrued interest thereon, owed by TCGI to the Cable Stockholders (except that TCI retained a \$26 million subordinated note of TCGI), including \$53.8 million principal amount and \$4.1 million of accrued interest owed to the Company. In connection with the Reorganization, the Company received 25.6 million shares of TCGI's Class B Common Stock (the "TCGI Class B Stock"). Each share of TCGI Class B Stock is entitled to voting power equivalent to ten shares of TCGI Class A Stock and is convertible, at the option of the holder, into one share of TCGI Class A Stock. As a result of the TCGI IPO, the Company recorded a \$40.6 million increase in its proportionate share of TCGI's net assets as a gain from equity offering

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of affiliate (the "TCGI IPO Gain") in its condensed consolidated statement of operations and accumulated deficit for the nine months ended September 30, 1996.

During the three months ended March 31, 1997, the Company received 2.76 million shares of TCGI Class A Stock from TCGI in exchange for the Company's shares of an alternate access provider. In May 1997, the Company sold all of its shares of TCGI Class A Stock for \$68.9 million and recognized a \$68.9 million pre-tax gain (the "TCGI Class A Gain"), which is included in investment income in its condensed consolidated statement of operations and accumulated deficit for the nine months ended September 30, 1997.

As of September 30, 1997, the Company owns TCGI Class B Stock representing a 19.8% voting interest and a 15.5% equity interest. The Company continues to account for its interest in TCGI under the equity method based on its voting interest maintained through the TCGI Class B Stock, its representation on TCGI's board of directors and its participation in a TCGI stockholder agreement granting certain rights to a control group. Assuming conversion of the TCGI Class B Stock held by the Company into TCGI Class A Stock, the Company's investment in TCGI, which had a carrying value of \$123.3 million as of September 30, 1997, would have a fair value of approximately \$1.239 billion, based on the quoted market price of the TCGI Class A Stock as of October 31, 1997.

Roll-up of Primestar's Operations. In June 1997, the Company entered into a binding letter agreement (the "Roll-up Agreement") with PRIMESTAR Partners L.P. ("Primestar") and the affiliates of each of the other partners of Primestar, including TCI Satellite Entertainment, Inc. ("TSAT"), a publicly-traded company. Primestar, in which the Company holds a 10.4% general and limited partnership interest, is principally engaged in the business of acquiring, originating and/or providing television programming services delivered by satellite through a network of distributors, including the Company, throughout the United States. The Roll-up Agreement sets forth the principal terms and conditions of a proposed transaction (the "Roll-up Transaction"), through which the Company's direct broadcast satellite ("DBS") operations, Primestar and the Primestar-related distribution businesses of the other partners of Primestar will be consolidated into a newly-formed publicly-traded company ("New Primestar"). In connection with the Roll-up Transaction, TSAT will become a wholly owned subsidiary of New Primestar. The Company provided DBS services, through a distributorship arrangement with Primestar, to 169,000 subscribers as of September 30, 1997.

New Primestar will acquire the Primestar partnership interests, subscribers and related assets, as applicable, of the parties to the Roll-up Transaction, in exchange for (i) cash, (ii) shares of Series A Common Stock of New Primestar and (iii) shares of Series C Common Stock of New Primestar, in each case in an amount determined pursuant to the Roll-up Agreement. The Company will have the right to continue to market and support the Primestar programming services on an agency basis after consummation of the Roll-up Transaction; however, the terms of such arrangement have not yet been determined. Under the terms of the Roll-up Agreement, upon closing of the Roll-up Transaction, the Company is expected to receive approximately \$75 million in cash and to own approximately 10% of New Primestar common equity, both subject to adjustment based on the number of subscribers, inventory amounts and other factors. As of September 30, 1997, assets of the Company's DBS operations totaled \$149.4 million.

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

These transactions are not conditioned on each other and may close independently. They are expected to close in 1998, subject to receipt of all necessary governmental and regulatory approvals, including the approval of the Federal Communications Commission. There can be no assurance that such approvals will be obtained.

@Home. In July 1997, At Home Corporation ("@Home"), an investee of the Company previously accounted for under the equity method, completed an initial public offering of its Series A Common Stock (the "@Home IPO"). @Home provides Internet services to customers and businesses over the cable television infrastructure in a limited number of cities in the United States. Effective July 1, 1997, due to the dilution of the Company's equity and voting interests and

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other factors subsequent to the @Home IPO, the Company has discontinued the equity method of accounting for its investment in @Home. As of September 30, 1997, the Company holds 8.0 million contractually restricted shares (the "Restricted Shares") and 6.6 million unrestricted shares (the "Unrestricted Shares") of @Home Series A Common Stock (the "@Home Series A Stock"), representing a 12.4% and a 5.7% equity and voting interest, respectively. The Company has recorded the Restricted Shares at their historical cost of \$1.1 million and the Unrestricted Shares, which are classified as available for sale, at their estimated fair market value of \$151.5 million, based on the quoted market price of the @Home Series A Stock as of September 30, 1997. The unrealized pre-tax gain as of September 30, 1997 of \$150.6 million has been reported in the Company's condensed consolidated balance sheet as a component of stockholders' equity, net of related deferred income tax expense of \$52.7 million.

Nextel. At December 31, 1996, the Company held 3.3 million shares of Nextel Communications, Inc. ("Nextel") common stock and options to acquire an additional 25.0 million shares of Nextel common stock at \$16 per share. As of December 31, 1996, these options, which had an historical cost of \$20.0 million, were included in investments in publicly traded companies at their fair value of \$32.6 million. In February 1997, the Company sold these options to Nextel for \$25.0 million and recognized a pre-tax gain of \$5.0 million, which is included in investment income in the Company's condensed consolidated statement of operations and accumulated deficit for the nine months ended September 30, 1997. In July 1997, the Company sold its 3.3 million shares of Nextel common stock for \$73.4 million, resulting in a pre-tax gain of \$32.2 million, which is included in investment income in the Company's condensed consolidated statement of operations and accumulated deficit for the nine and three months ended September 30, 1997.

In February 1996, in connection with certain preemptive rights of the Company under previously existing agreements with Nextel, the Company purchased 8.16 million shares of Nextel common stock at \$12.25 per share, for \$99.9 million. During the nine and three months ended September 30, 1996, the Company sold 5.6 million shares and 1.2 million shares, respectively, of Nextel common stock for \$105.4 million and \$19.9 million, respectively, and recognized pre-tax gains of \$35.4 million and \$5.8 million, respectively, which are included in investment income in its condensed consolidated statement of operations and accumulated deficit.

Time Warner/TBS. The Company received 1.36 million shares of Time Warner common stock (the "Time Warner Stock") in exchange (the "Exchange") for all of the shares of Turner Broadcasting System, Inc. ("TBS") stock (the "TBS Stock") held by the Company as a result of the merger of Time Warner and TBS in October 1996. As a result of the Exchange, the Company recognized a pre-tax gain of \$47.3 million in the fourth quarter of 1996, representing the difference between the Company's historical cost basis in the TBS Stock of \$8.9 million and the new basis for the Company's investment in Time Warner Stock of \$56.2 million, which was based on the closing price of the Time Warner Stock on the merger date of \$41.375 per share. In December 1996 and January 1997, the Company sold 92,500 shares and 1.27 million shares, respectively, of the Time Warner Stock, representing the Company's entire interest in Time Warner, for \$3.7 million and \$48.6 million, respectively. In connection with the January 1997 sales, the Company recognized a pre-tax loss of \$3.8 million, which is included in investment income in its condensed consolidated statement of operations and accumulated deficit for the nine months ended September 30, 1997. As of December 31, 1996, the 1.27 million shares of Time Warner Stock held by the Company were recorded at their fair value of \$47.4 million and were included in short-term investments in the Company's condensed consolidated balance sheet.

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

Financing

Other than the Scripps Acquisition, the Company has historically utilized a strategy of financing its acquisitions through senior debt at the acquired operating subsidiary level. Additional financing has also been obtained by the Company through the issuance of subordinated debt at the intermediate holding company and parent company levels and, to some extent, through public offerings of a subsidiary company's stock and debt instruments.

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The Cable Refinancing and the Cellular Refinancing had a significant impact on the maturities of the Company's long-term debt. Maturities of long-term debt outstanding as of September 30, 1997 and December 31, 1996 through 2001 are as follows (dollars in millions):

	As of September 30, 1997	As of December 31, 1996
1997.....	\$ 71.9 (1)	\$229.5
1998.....	110.0	671.5
1999.....	206.3	462.5
2000.....	305.3	668.1
2001.....	578.0	1,282.4

(1) Represents maturities of long-term debt for the remaining three months of 1997, which includes \$43.6 million of debt redeemed in October 1997 (see below) and a \$10.0 million optional debt repayment made in October 1997.

As of September 30, 1997 and December 31, 1996, the Company's effective weighted average interest rate on its long-term debt outstanding was 8.26% and 7.68%, respectively.

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

In July 1997, the Company made optional debt repayments aggregating \$527.0 million with existing cash, cash equivalents and short-term investments.

In October 1997, the Company completed the redemption of its \$250.0 million principal amount 3 3/8% / 5 1/2% step up convertible subordinated debentures due 2005 (the "Step Up Debentures"). The Company issued 8.4 million shares of its Class A Special Stock upon conversion of \$206.4 million principal amount of Step Up Debentures while \$43.6 million principal amount of Step Up Debentures was redeemed for cash at a redemption price of 105.58% of the principal amount, together with accrued interest thereon. Stockholders' equity will be increased by the full amount of Step Up Debentures converted plus accrued interest, less unamortized debt acquisition costs. In connection with the redemption of the Step Up Debentures, the Company will expense unamortized debt acquisition costs and incur debt extinguishment costs of approximately \$3.0 million, resulting in an extraordinary loss, net of tax, of approximately \$1.9 million during the fourth quarter of 1997.

In October 1997, a subsidiary of the Company refinanced one of its existing revolving credit facilities with the proceeds from borrowings under a new \$400.0 million credit agreement (the "New Bank Facility") with certain banks. Initial borrowings under the New Bank Facility of \$215.0 million were used principally to repay existing debt. As a result of the refinancing, the Company will expense unamortized debt acquisition costs of approximately \$5.2 million, resulting in an extraordinary loss, net of tax, of approximately \$3.4 million during the fourth quarter of 1997.

As of October 31, 1997, certain subsidiaries of the Company had unused lines of credit of \$1.060 billion. The availability and use of the unused lines of credit is restricted by the covenants of the related debt agreements and to subsidiary general purposes and dividend declaration. The Company continually evaluates its debt structure with the intention of reducing its debt service requirements when desirable.

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The following table summarizes the terms of the Company's existing interest rate exchange agreements ("Swaps"), interest rate cap agreements ("Caps") and interest rate collar agreements ("Collars") as of September 30, 1997 and December 31, 1996 (dollars in millions):

	Notional Amount	Maturities	Average Interest Rate	Estimated Fair Value
As of September 30, 1997				
Variable to Fixed Swaps	\$600.0	1998-2000	5.56%	\$6.6
Caps	150.0	1998	6.67%	
Collars	100.0	1997-1998	6.64% / 4.95%	
As of December 31, 1996				
Variable to Fixed Swaps	\$1,080.0	1997-2000	5.85%	\$7.4
Caps	250.0	1997	8.55%	
Collars	620.0	1997-1998	6.98% / 5.16%	
				0.1

The notional amounts of interest rate agreements, as presented in the above table, are used to measure interest to be paid or received and do not represent the amount of exposure to credit loss. The estimated fair value approximates the proceeds (costs) to settle the outstanding contracts. While Swaps, Caps and Collars represent an integral part of the Company's interest rate risk management program, their incremental effect on interest expense for the nine and three months ended September 30, 1997 and 1996 was not significant.

Concurrent with the announcement of the Scripps Acquisition in October 1995, the Company announced that its Board of Directors authorized a market repurchase program (the "Repurchase Program") pursuant to which the Company could purchase, at such times and on such terms as it deemed appropriate, up to \$500.0 million of its outstanding common equity securities, subject to certain restrictions and market conditions. Based on the trade date for stock repurchases, during the nine months ended September 30, 1997 and 1996 and the three months ended September 30, 1996, the Company repurchased 2.3 million shares, 10.1 million shares and 3.6 million shares, respectively, of its common stock for aggregate consideration of \$36.2 million, \$173.4 million and \$56.8 million, respectively, pursuant to the Repurchase Program. During the term of the Repurchase Program, which terminated on May 13, 1997, the Company repurchased a total of 13.5 million shares of its common stock for aggregate consideration of \$228.6 million.

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

As part of the Repurchase Program, in April 1997, the Company sold put options on 2.0 million shares of its Class A Special Stock. The put options give the holder the right to require the Company to repurchase such shares at \$15.68 per share on specific dates in April and May 1998. The amount the Company would be obligated to pay to repurchase such shares upon exercise of the put options, totaling \$31.4 million, has been reclassified from additional capital to common equity put options in the Company's September 30, 1997 condensed consolidated balance sheet.

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

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

Statement of Cash Flows

Cash and cash equivalents increased \$242.3 million as of September 30, 1997 from December 31, 1996 and decreased \$112.9 million as of September 30, 1996 from December 31, 1995. Changes in cash and cash equivalents resulted from cash flows from operating, financing and investing activities which are explained below.

Net cash provided by operating activities amounted to \$742.1 million and \$527.3 million for the nine months ended September 30, 1997 and 1996, respectively. The increase of \$214.8 million is principally due to the increase in the Company's operating income before depreciation and amortization (see "Results of Operations"), including the effects of the Scripps Acquisition, and changes in working capital as a result of the timing of receipts and disbursements.

Net cash provided by (used in) financing activities was \$345.3 million and (\$19.2) million for the nine months ended September 30, 1997 and 1996, respectively. During the nine months ended September 30, 1997, the Company borrowed \$2.968 billion, including the Cable Notes of \$1.691 billion, the Cellular Notes of \$998.4 million, the Disney Notes of \$132.8 million and borrowings under its existing lines of credit, and repaid \$3.518 billion of its long-term debt, including \$1.665 billion relating to the Cable Refinancing, \$981.8 million relating to the Cellular Refinancing, \$139.3 million relating to the redemption of the 10% Debentures and \$527.0 million of optional debt repayments made in July 1997. Deferred financing costs of \$43.8 million were incurred during the nine months ended September 30, 1997 related to the issuance of the Cable Notes and the Cellular Notes. In addition, during the nine months ended September 30, 1997, the Company received \$1.0 billion from Microsoft for the issuance of its Class A Special Stock and Series B Preferred Stock and repurchased \$33.6 million of its common stock. During the nine months ended September 30, 1996, the Company borrowed \$660.4 million under its existing lines of credit and repaid \$486.7 million, including the effects of refinancings and \$88.9 million of repayments under a vendor financing arrangement. In addition, the Company repurchased \$171.2 million of its common stock during the nine months ended September 30, 1996.

Net cash used in investing activities was \$845.1 million and \$621.0 million for the nine months ended September 30, 1997 and 1996, respectively. During the nine months ended September 30, 1997, net cash used in investing activities includes acquisitions, net of cash acquired, of \$136.1 million, including the E! Acquisition of \$118.7 million, investments in affiliates of \$180.3 million and capital expenditures of \$682.0 million, offset by the proceeds from the sales of short-term and long-term investments and a distribution from an investee of \$171.5 million and Sprint PCS' repayment of a \$25.2 million loan. During the nine months ended September 30, 1996, net cash used in investing activities includes investments in affiliates of \$447.6 million, including \$159.5 million in connection with the Sports Venture Acquisition, capital contributions to Sprint PCS of \$100.7 million and the purchase of Nextel shares of \$99.9 million, and capital expenditures of \$450.2 million, offset by proceeds from the sale of short-term and long-term investments of \$381.8 million, including \$105.4 million from the sale of Nextel shares.

Results of Operations

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

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Summarized consolidated financial information for the Company for the nine and three months ended September 30, 1997 and 1996 is as follows (dollars in millions, "NM" denotes percentage is not meaningful):

	Nine Months Ended September 30,		Increase / (Decrease)	
	1997	1996	\$	%
Revenues.....	\$3,519.5	\$2,870.9	\$648.6	22.6%
Cost of goods sold from electronic retailing.....	867.2	774.7	92.5	11.9
Operating, selling, general and administrative expenses...	1,586.2	1,234.2	352.0	28.5
	-----	-----		
Operating income before depreciation and amortization (1).....	1,066.1	862.0	204.1	23.7
Depreciation.....	341.7	219.7	122.0	55.5
Amortization.....	362.0	271.3	90.7	33.4
	-----	-----		
Operating income.....	362.4	371.0	(8.6)	(2.3)
	-----	-----		
Interest expense.....	422.8	403.7	19.1	4.7
Investment income.....	(133.1)	(63.7)	69.4	NM
Equity in net losses of affiliates.....	212.1	89.2	122.9	NM
Gain from equity offering of affiliate.....		(40.6)	(40.6)	NM
Other.....	13.4	22.6	(9.2)	(40.7)
Income tax expense.....	45.4	33.9	11.5	33.9
Minority interest.....	(66.8)	(47.4)	19.4	40.9
Extraordinary items.....	(25.9)	(1.0)	24.9	NM
	-----	-----		
Net loss.....	(\$157.3)	(\$27.7)	\$129.6	NM
	=====	=====		

	Three Months Ended September 30,		Increase / (Decrease)	
	1997	1996	\$	%
Revenues.....	\$1,204.2	\$974.6	\$229.6	23.6%
Cost of goods sold from electronic retailing.....	297.2	262.3	34.9	13.3
Operating, selling, general and administrative expenses...	542.0	416.5	125.5	30.1
	-----	-----		
Operating income before depreciation and amortization (1)	365.0	295.8	69.2	23.4
Depreciation.....	120.2	77.0	43.2	56.1
Amortization.....	121.1	89.7	31.4	35.0
	-----	-----		
Operating income.....	123.7	129.1	(5.4)	(4.2)
	-----	-----		
Interest expense.....	143.9	135.7	8.2	6.0
Investment income.....	(44.5)	(16.2)	28.3	NM
Equity in net losses of affiliates.....	85.9	28.9	57.0	NM
Other.....	9.0	(0.3)	9.3	NM
Income tax expense.....	8.5	9.3	(0.8)	(8.6)
Minority interest.....	(27.0)	(18.4)	8.6	46.7
Extraordinary items.....	(3.1)		3.1	NM
	-----	-----		
Net loss.....	(\$55.2)	(\$9.9)	\$45.3	NM
	=====	=====		

(1) Operating income before depreciation and amortization is commonly referred to in the Company's businesses as "operating cash flow." Operating cash flow is a measure of a company's ability to generate cash to service its obligations, including debt service obligations, and to finance capital and other expenditures. In part due to the capital intensive nature of the Company's businesses and the resulting significant level of non-cash depreciation expense and amortization expense, operating cash flow is frequently used as one of the bases for comparing businesses in the Company's industries. Operating cash flow does not purport to represent net income or net cash

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provided by operating activities, as those terms are defined under generally accepted accounting principles, and should not be considered as an alternative to such measurements as an indicator of the Company's performance. See "Statement of Cash Flows" above for a discussion of net cash provided by operating activities.

Operating Results by Business Segment

Domestic Cable Communications

As a result of the Scripps Acquisition, the Company commenced consolidating the financial results of Scripps Cable effective November 1, 1996. The following table presents actual financial information for the nine and three months ended September 30, 1997 and pro forma financial information for the nine and three months ended September 30, 1996 as if the Scripps Acquisition occurred on January 1, 1996. Pro forma financial information is presented herein for purposes of analysis and may not reflect what actual operating results would have been had the Company owned Scripps Cable since January 1, 1996 (dollars in millions):

	Nine Months Ended September 30,		Increase	
	1997	1996	\$	%
Service income.....	\$1,537.0	\$1,398.3	\$138.7	9.9%
Operating, selling, general and administrative expenses.....	812.4	722.3	90.1	12.5
	-----	-----	-----	
Operating income before depreciation and amortization (a).....	\$724.6	\$676.0	\$48.6	7.2%
	=====	=====	=====	
	Three Months Ended September 30,		Increase	
	1997	1996	\$	%
Service income.....	\$515.1	\$469.2	\$45.9	9.8%
Operating, selling, general and administrative expenses.....	267.2	242.9	24.3	10.0
	-----	-----	-----	
Operating income before depreciation and amortization (a).....	\$247.9	\$226.3	\$21.6	9.5%
	=====	=====	=====	

(a) See footnote (1) on page 26.

Of the respective \$138.7 million and \$45.9 million increases in service income for the nine and three month periods from 1996 to 1997, \$28.7 million and \$9.1 million are attributable to subscriber growth, \$94.2 million and \$32.9 million relate to changes in rates and \$15.8 million and \$3.9 million relate to other product offerings.

Of the respective \$90.1 million and \$24.3 million increases in operating, selling, general and administrative expenses for the nine and three month periods from 1996 to 1997, \$20.9 million and \$3.8 million are attributable to increases in the costs of cable programming as a result of subscriber growth, additional channel offerings and changes in rates, \$16.1 million and \$5.0 million are attributable to increases in costs associated with customer service and \$53.1 million and \$15.5 million result from increases in the cost of labor, other volume related expenses and costs associated with new product offerings. It is anticipated that the Company's cost of cable programming will increase in the future as cable programming rates increase and additional sources of cable programming become available.

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Electronic Retailing

The following table sets forth operating results for the Company's electronic retailing segment, consisting of the operations of QVC, Inc. and its subsidiaries ("QVC"), a majority owned and controlled subsidiary of the Company (dollars in millions):

	Nine Months Ended September 30,		Increase	
	1997	1996	\$	%
Net sales from electronic retailing.....	\$1,438.0	\$1,286.9	\$151.1	11.7%
Cost of goods sold from electronic retailing.....	867.2	774.7	92.5	11.9
Operating, selling, general and administrative expenses.....	339.9	303.6	36.3	12.0
	-----	-----	-----	
Operating income before depreciation and amortization (a).....	\$230.9	\$208.6	\$22.3	10.7%
	=====	=====	=====	
Gross margin.....	39.7%	39.8%		
	Three Months Ended September 30,		Increase	
	1997	1996	\$	%
Net sales from electronic retailing.....	\$490.6	\$431.1	\$59.5	13.8%
Cost of goods sold from electronic retailing.....	297.2	262.3	34.9	13.3
Operating, selling, general and administrative expenses.....	117.1	99.6	17.5	17.6
	-----	-----	-----	
Operating income before depreciation and amortization (a).....	\$76.3	\$69.2	\$7.1	10.3%
	=====	=====	=====	
Gross margin.....	39.4%	39.2%		

(a) See footnote (1) on page 26.

The respective increases in net sales from electronic retailing of \$151.1 million and \$59.5 million for the nine and three month periods from 1996 to 1997 are primarily attributable to the effects of 7.2% and 7.5% increases, respectively, in the average number of homes receiving QVC services in the United States and 14.1% and 14.7% increases, respectively, in the average number of homes receiving QVC services in the United Kingdom.

The increases in cost of goods sold from electronic retailing are primarily related to the growth in net sales. The changes in gross margin from 1996 to the same periods in 1997 are a result of changes in product mix.

Of the respective increases in operating, selling, general and administrative expenses of \$36.3 million and \$17.5 million for the nine and three month periods from 1996 to 1997, \$21.0 million and \$7.4 million are primarily attributable to start-up costs incurred by QVC in Germany, which began operations in the fourth quarter of 1996. The remaining increases of \$15.3 million and \$10.1 million are primarily attributable to higher sales volume offset, in part, by the reduction in expenses realized upon consolidation of QVC's multichannel operations and an increase in net finance fee income from credit card operations for the nine month period from 1996 to 1997.

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Cellular Communications

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

	Nine Months Ended September 30,		Increase/(Decrease)	
	1997	1996	\$	%
Service income.....	\$335.4	\$317.1	\$18.3	5.8%
Operating, selling, general and administrative expenses.....	195.4	198.3	(2.9)	(1.5)
	-----	-----	-----	
Operating income before depreciation and amortization (a).....	\$140.0	\$118.8	\$21.2	17.8%
	=====	=====	=====	
	Three Months Ended September 30,		Increase	
	1997	1996	\$	%
Service income.....	\$115.1	\$110.0	\$5.1	4.6%
Operating, selling, general and administrative expenses.....	63.7	62.3	1.4	2.2
	-----	-----	-----	
Operating income before depreciation and amortization (a).....	\$51.4	\$47.7	\$3.7	7.8%
	=====	=====	=====	

(a) See footnote (1) on page 26.

Of the respective \$18.3 million and \$5.1 million increases in service income for the nine and three month periods from 1996 to 1997, \$16.9 million and \$2.3 million are attributable to the Company's subscriber growth and \$11.9 million and \$4.6 million are attributable to roamer growth. Offsetting these increases are decreases of \$10.5 million and \$1.8 million resulting primarily from a reduction in the average rate per minute of use as a result of promotional and/or free minutes.

The \$2.9 million decrease in operating, selling, general and administrative expenses for the nine month period from 1996 to 1997 is primarily attributable to expense reductions achieved through implementation of fraud management programs, improved bad debt experience as a result of stronger credit procedures and a reduction in commission costs resulting from fewer gross sales in 1997 as compared to the same period in 1996. The \$1.4 million increase in operating, selling, general and administrative expenses for the three month period from 1996 to 1997 is primarily attributable to an increase in the number of cellular retail stores in 1997 as compared to the same period in 1996, partially offset by expense reductions achieved through implementation of fraud management programs and improved bad debt experience as a result of stronger credit procedures.

Consolidated Analysis

The respective \$122.0 million and \$43.2 million increases in depreciation expense for the nine and three month periods from 1996 to 1997 are primarily attributable to the effects of the Scripps Acquisition and the effects of capital expenditures. Depreciation expense for the nine months ended September 30, 1997 includes the effects of the final purchase price allocation relating to the Scripps Acquisition.

The respective \$90.7 million and \$31.4 million increases in amortization expense for the nine and three month periods from 1996 to 1997 are primarily attributable to the effects of the Scripps Acquisition. Amortization expense for the nine months ended September 30, 1997 includes the effects of the final purchase price allocation relating to the Scripps Acquisition.

The respective \$19.1 million and \$8.2 million increases in interest expense for the nine and three month periods from 1996 to 1997 are attributable to increased levels of debt and changes in the Company's weighted average interest rate. The Company anticipates that, for the foreseeable future, interest expense will be a significant cost to the Company and

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

The respective \$69.4 million and \$28.3 million increases in investment income for the nine and three month periods from 1996 to 1997 are primarily attributable to the gains recognized in 1997 on the sales of Nextel common stock and TCGI Class A stock, offset by the gains recognized in 1996 on the sales of Nextel common stock.

The respective \$122.9 million and \$57.0 million increases in equity in net losses of affiliates for the nine and three month periods from 1996 to 1997 are primarily due to the effects of increased losses incurred by Sprint PCS, TCGI, the UK Investees and certain of the Company's other equity investees, and the effects of the E! Acquisition (see below) and the Sports Venture Acquisition. Based on Sprint PCS' current operations and business plan, the Company anticipates that its proportionate share of Sprint PCS' losses will be significant in future periods. In addition, as a result of the E! Acquisition, the Company recorded a charge representing the cumulative amount that would have been recorded had the Company accounted for its investment in E! Entertainment under the equity method since the date of initial investment (the "Cumulative Charge"). Since the Company's proportionate share of E! Entertainment's cumulative losses was in excess of the Company's historical cost basis in E! Entertainment and as the Company was under no contractual obligation to fund the losses of E! Entertainment, the Cumulative Charge was limited to the Company's historical cost basis of \$12.1 million. Such amount is included in equity in net losses of affiliates in the Company's condensed consolidated statement of operations and accumulated deficit for the nine months ended September 30, 1997 as it is not significant for restatement of the Company's prior year financial statements.

Gain from equity offering of affiliate for the nine months ended September 30, 1996 represents the TCGI IPO Gain.

The respective \$9.2 million decrease and \$9.3 million increase in other expenses for the nine and three month periods from 1996 to 1997 are primarily attributable to the settlement of certain litigation during the nine months ended September 30, 1996 and the effects of fluctuations in the foreign currency exchange rate.

The \$11.5 million increase in income tax expense for the nine month period from 1996 to 1997 is primarily a result of an increase in state income tax expense due to increases in the net income of certain of the Company's subsidiaries, increases in non-deductible foreign losses and equity in net losses of affiliates and increased goodwill amortization resulting from the Scripps Acquisition, offset by the effect of the increase in the Company's loss before income tax expense, minority interest and extraordinary items.

The \$19.4 million and \$8.6 million increases in minority interest for the nine and three month periods from 1996 to 1997 are primarily attributable to the effects of changes in the net income (loss) of QVC and Comcast UK Cable.

Extraordinary items, for the nine and three months ended September 30, 1997, of \$25.9 million or \$.08 per common share and \$3.1 million or \$.01 per common share consist of unamortized debt acquisition costs and debt extinguishment costs of \$39.8 million and \$4.7 million, respectively, net of the related tax benefit of \$13.9 million and \$1.6 million, respectively, incurred principally in connection with the Cable Refinancing, the Cellular Refinancing and the redemption of the 10% Debentures in the second quarter of 1997 and the optional debt repayments made in the third quarter of 1997.

For the nine and three months ended September 30, 1997 and 1996, the Company's distributions from investees and earnings before extraordinary items, income tax expense, equity in net losses of affiliates and fixed charges (interest expense) were \$550.7 million, \$502.6 million, \$186.2 million and \$166.5 million, respectively. Such earnings were adequate to cover the Company's fixed charges, including interest capitalized of \$18.0 million, \$23.3 million, zero and \$8.6 million, of \$440.8 million, \$427.0 million, \$143.9 million and \$144.3 million for the nine and three months ended September 30, 1997 and 1996, respectively. Fixed charges include non-cash interest expense, net of interest capitalized, of \$42.7 million, \$48.1 million, \$13.8 million and \$15.9 million for the nine and three months ended September 30, 1997 and 1996, respectively.

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

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

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PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

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 September 16, 1997.

10.2* Comcast Corporation 1996 Deferred Compensation Plan, as amended and restated, effective September 16, 1997.

10.3* Comcast Corporation 1990 Restricted Stock Plan, as amended and restated, effective September 16, 1997.

10.4* Comcast Corporation 1996 Cash Bonus Plan, as amended and restated, effective May 30, 1997.

10.5* Comcast Corporation 1997 Deferred Stock Option Plan, effective September 16, 1997.

27.1 Financial Data Schedule.

(b) Reports on Form 8-K:

(i) Comcast Corporation filed a Current Report on Form 8-K under Item 5 on July 3, 1997 relating to the completion of the \$1 billion investment by Microsoft Corporation in Comcast Corporation.

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* Constitutes a management contract or compensatory plan or arrangement.

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SIGNATURE

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

COMCAST CORPORATION

/S/ LAWRENCE S. SMITH

Lawrence S. Smith
Executive Vice President
(Principal Accounting Officer)

Date: November 14, 1997

1996 STOCK OPTION PLAN

(As Amended and Restated, Effective May 1, 1997)

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

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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 the Sponsor's Class A Special 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.

(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 either Paragraph 3(a)(i) or Paragraph 3(a)(ii).

(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:

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

- (y) the number of Shares owned by such Optionee that has, within the preceding six months, been the subject of a withholding certification pursuant to Paragraph 16(b) or any similar withholding certification under any other Comcast Plan; plus
- (z) the number of Shares owned by such Optionee that has, within the preceding six months, been received in exchange for Shares surrendered as payment, in full or in part, of the exercise price for an option to purchase any securities of the Sponsor or an Affiliate under any Comcast Plan, but only to the extent of the number of Shares surrendered.

For purposes of 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, and for the Sponsor's Class A 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) Ralph J. Roberts;

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

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

(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.

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

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

4. Shares Subject to Plan

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

5. Administration of Plan

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

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

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

(d) Indemnification. Service on the Committee shall constitute service as a member of the Board. Each member of the Committee shall be entitled without further act on his part to indemnify 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 the Optionee is not an employee of a Company on the Date of Grant.

7. Option Documents and Terms - In General

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

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

(b) Option Price. The option price per Share with respect to any Option shall be determined by the Committee, 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 serve as an active employee of a Company, as determined by the Committee in its sole discretion, or, if the Optionee is a party to an employment agreement with a Company, on the effective date of the Optionee's termination of employment as determined under such agreement.

(g) Periods of Exercise of Options. An Option shall be exercisable in whole or in part at such time or times as may be determined by the Committee and stated in the

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

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

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

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

(h) Date of Exercise. The date of exercise of an Option shall be the date on which written notice of exercise, addressed to the Sponsor at its main office to the

attention of its Secretary, is hand delivered, telecopied or mailed first class postage prepaid; provided, however, that the Sponsor shall not be obligated to deliver any certificates for Shares pursuant to the exercise of an Option until the Optionee shall have made payment in full of the option price for such Shares. Each such exercise shall be irrevocable when given. Each notice of exercise must (i) specify the Incentive Stock Option, Non-Qualified Option or combination thereof being exercised; and (ii) include a statement of preference (which shall be 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.

8. Option Documents and Terms - Non-Employee Directors

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

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

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

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

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

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

(d) Payment Upon Exercise of Options. Full payment for Shares purchased upon the exercise of an Option shall be made in cash, by certified check payable to the order of the Sponsor, or, at the election of the Optionee and as the Committee may, in its sole discretion, approve, by surrendering Shares with an aggregate Fair Market Value equal to the aggregate option price, or by delivering such combination of Shares and cash as the Committee may, in its sole discretion, approve; provided, however, that Shares may be surrendered in satisfaction of the option price only if the Optionee certifies in writing to the Sponsor that the Optionee owns a number of Other Available Shares as of the date the Option is exercised that is at least equal to the number of Shares to be surrendered in satisfaction of the Option Price; provided further, however, that the option price may not be paid in Shares if the Committee determines that such method of payment would result in liability under section 16(b) of the 1934 Act to an Optionee. Except as otherwise provided by the Committee, if payment is made in

whole or in part in Shares, the Optionee shall deliver to the Sponsor certificates registered in the name of such Optionee representing Shares legally and beneficially owned by such Optionee, free of all liens, claims and encumbrances of every kind and having a Fair Market Value on the date of delivery that is not greater than the option price accompanied by stock powers duly endorsed in blank by the record holder of the Shares represented by such certificates. If the Committee, in its sole discretion, should refuse to accept Shares in payment of the option price, any certificates representing Shares which were delivered to the Sponsor shall be returned to the Optionee with notice of the refusal of the Committee to accept such Shares in payment of the option price. The Committee may impose such limitations and prohibitions on the use of Shares to exercise an Option as it deems appropriate.

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

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

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

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

(iii) In the event that an Optionee's service as a Non-Employee Director is terminated for Cause, each unexercised Option shall

terminate and cease to be exercisable; provided further, that in such event, in addition to immediate termination of the Option, the Optionee shall automatically forfeit all Shares otherwise subject to delivery upon exercise of an Option but for which the Sponsor has not yet delivered the Share certificates, upon refund by the Sponsor of the option price.

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

9. Limitation on Exercise of Incentive Stock Options.

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

10. Rights as Shareholders

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

11. Changes in Capitalization

(a) Except as provided in Paragraph 11(b), in the event that Shares are changed into or exchanged for a different number or kind of shares of stock or other securities of the Sponsor, whether through merger, consolidation, reorganization, recapitalization, stock dividend, stock split-up or other substitution of securities of the Sponsor, the Board shall make appropriate equitable anti-dilution adjustments to the number and class of shares of stock available for issuance under the Plan, and subject to outstanding Options, and to the option prices 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 are then exercisable; provided that, the Sponsor may, by similar notice, require the Optionee to exercise the Option, to the extent the Option is then exercisable, or to forfeit the Option (or portion thereof, as applicable). The Committee may, in its discretion, provide that upon the Optionee's receipt of the notice of a Terminating Event under this Paragraph 12(a), the entire number of Shares covered by Options shall become immediately exercisable. Upon the close of the period described in this Paragraph 12(a) during which an Option may be exercised in connection with a Terminating Event, such Option (including such portion thereof that is not exercisable) shall terminate to the extent that such Option have not theretofore been exercised.

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

13. Interpretation

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

14. Amendments

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

15. Securities Law

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

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

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

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

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

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

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

16. Withholding of Taxes on Exercise of Option

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

(b) Except as otherwise provided in this Paragraph 16(b), any tax liabilities incurred in connection with the exercise of an Option under the Plan other than an Incentive Stock Option shall be satisfied by the Sponsor's withholding a portion of the Shares underlying the Option exercised having a Fair Market Value approximately equal to the minimum amount of taxes required to be withheld by the Sponsor under applicable law, unless otherwise determined by the Committee with respect to any Optionee. Notwithstanding the foregoing, the Committee may permit an Optionee to elect one or both of the following: (i) to have taxes withheld in excess of the minimum amount required to be withheld by the Sponsor under applicable law; provided that the Optionee certifies in writing to the Sponsor that the Optionee owns a number of Other Available Shares 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. In addition, with respect to persons subject to reporting requirements under section 16(a) of the 1934 Act, such election must be made at least six months prior to the date the amount of tax to be withheld or paid is determined (which election will remain in effect with regard to the exercise of an Option and all future exercises of Options unless revoked upon six months prior notice). An election pursuant to this Paragraph 16(b) may be made only by an Optionee or, in the event of the Optionee's death, by the Optionee's legal representative. No Shares withheld pursuant to this Paragraph 16(b) shall be available for subsequent grants under the Plan. The Committee may add such other requirements and limitations regarding elections pursuant to this Paragraph 16(b) as it deems appropriate.

17. Effective Date and Term of Plan

This amendment and restatement of the Plan is effective as of May 1, 1997. The Plan shall expire no later than the tenth anniversary of the date the Plan was initially adopted by the Board, unless sooner terminated by the Board. Any Option granted before the approval of the Plan by the Sponsor's shareholders shall be expressly conditioned upon, and shall not be exercisable until, such approval. If such shareholder approval is not received within 12 months before or after the date of the initial adoption of the Plan by the Board, all Options granted under the Plan shall expire.

18. General

Each Option shall be evidenced by a written instrument containing such terms and conditions not inconsistent with the Plan as the Committee may determine. The issuance of Shares on the exercise of an Option shall be subject to all of the applicable requirements of the corporation law of the Sponsor's state of incorporation and other applicable laws, including

federal or state securities laws, and all Shares issued under the Plan shall be subject to the terms and restrictions contained in the Articles of Incorporation and By-Laws of the Sponsor, as amended from time to time.

Executed as of the 1st day of May, 1997.

COMCAST CORPORATION

By: /s/ Stanley Wang

Attest: /s/ Arthur R. Block

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COMCAST CORPORATION

1996 DEFERRED COMPENSATION PLAN

(As Amended and Restated, Effective September 16, 1997)

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COMCAST CORPORATION
1996 DEFERRED COMPENSATION PLAN

(As Amended and Restated, Effective September 16, 1997)

1. ESTABLISHMENT OF PLAN

COMCAST CORPORATION, a Pennsylvania corporation, hereby amends and restates the Comcast Corporation 1996 Deferred Compensation Plan (the "Plan"), effective as of September 16, 1997. The Plan was adopted effective as of August 15, 1996, to permit outside directors and eligible employees to defer the receipt of compensation otherwise payable to such outside directors and eligible employees in accordance with the terms of the Plan. The Plan is a continuation of the Prior Plan, which was initially effective as of February 12, 1974. The Plan is unfunded and is maintained primarily for the purpose of providing deferred compensation to outside directors and to a select group of management or highly compensated employees.

2. DEFINITIONS

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

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

2.3 "Active Participant" means:

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

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

2.4 "Administrator" means the Committee.

2.5 "Annual Rate of Pay" means, as of any date, the sum of:

2.5.1 An employee's annualized base pay rate, plus

2.5.2 The amount of bonus, if any, paid to such employee pursuant to a Bonus Program during the 365-day period ending on such date.

An employee's Annual Rate of Pay shall not include sales commissions or other similar payments or awards.

2.6 "Applicable Interest Rate" means:

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

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

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

2.8 "Bonus Program" means a plan or arrangement maintained by a Participating Company for the benefit of a class or category of employees, which provides for the payment of a cash bonus to eligible members of such class or category upon the satisfaction of such conditions as may be provided under such plan or arrangement, provided that the term "Bonus Program" shall not include any arrangement for the payment of sales commissions or other similar payments or awards.

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

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

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

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

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

2.14 "Compensation" means:

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

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

2.15 "Deceased Participant" means:

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

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

2.16 "Disabled Participant" means:

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

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

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

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

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

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

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

2.18 "Eligible Employee" means:

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

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

2.18.3 Each employee of a Participating Company whose Annual Rate of Pay is \$125,000 or more as of both (1) the date on which an

Election is filed with the Administrator and (2) the first day of the Plan Year in which such Election is filed.

2.18.4 Each New Key Employee.

2.19 "Fair Market Value."

2.19.1 If shares of Company Stock are listed on a stock exchange, Fair Market Value shall be determined based on the last reported sale price of a Share on the principal exchange on which Shares are listed on the last trading day prior to the date of determination; or

2.19.2 If shares of Company Stock are not so listed, but trades of Shares are reported on the Nasdaq National Market, the last quoted sale price of a share on the Nasdaq National Market on the last trading day prior to the date of determination.

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

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

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

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

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

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

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

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

2.27 "Normal Retirement" means:

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

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

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

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

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

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

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

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

2.34 "Plan Year" means the calendar year.

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

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

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

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

2.38.1 Ralph J. Roberts;

2.38.2 A lineal descendant of Ralph J. Roberts; or

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

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

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

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

2.41.1 The liquidation of the Company; or

2.41.2 A Change of Control.

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

3. ELECTION TO DEFER COMPENSATION

3.1 Elections. Each Outside Director and Eligible Employee shall have the right to defer all or any portion of the Compensation (including bonuses, if any) which he or she

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

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

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

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

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

3.6 Designation of Payment Date.

- 3.6.1 The designation of the time for distribution of benefits to begin under the Plan may vary with each separate Election, provided that except as otherwise provided in Section 3.6.3 or 3.6.4, no portion of a Participant's Account subject to distribution in installments pursuant to Section 4.1.2 or Section 4.1.3 may be deferred to a later date after such distribution has begun.
- 3.6.2 Each Active Participant who has previously elected to receive a distribution of part or all of his or her Account, or who, pursuant to this Section 3.6.2, has elected to defer payment for an additional period from the originally-elected payment date, may elect to change the form of distribution or defer the time of payment of such amount to begin for a minimum of one and a maximum of ten additional years from the previously-elected payment date, by filing an Election with the Administrator on or before the close of business on June 30 of the Plan Year preceding the Plan Year in which the distribution would otherwise be made, provided that an Election applicable to the 1997 Plan Year shall not be effective unless it is filed with the Administrator on or before the close of business on October 15, 1996.
- 3.6.3 A Deceased Participant's estate or beneficiary to whom the right to payment under the Plan shall have passed may elect to change the form of distribution from the form of distribution that payment of the Deceased Participant's Account would otherwise be made, and
 - 3.6.3.1 Defer the time of payment of the Deceased Participant's Account to begin for a minimum of one additional year from the date payment would otherwise begin (provided that if an Election is made pursuant to this Section 3.6.3.1, the Deceased Participant's Account shall be distributed in full on or before the fifth anniversary of the Deceased Participant's death); or
 - 3.6.3.2 Accelerate the time of payment of such amount to begin from the date payment would otherwise be made to January 2nd of the calendar year beginning after the Deceased Participant's death.

An Election pursuant to this Section 3.6.3 must be filed with the Administrator on or before the close of business on (i) the June 30

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

3.6.4 A Disabled Participant may elect to:

- 3.6.4.1 Change the form of distribution from the form of distribution that payment of the Disabled Participant's Account would otherwise be made; and
- 3.6.4.2 Accelerate the time of payment of the Disabled Participant's Account to begin from the date payment would otherwise be made to January 2nd of the calendar year beginning after the Participant became disabled.

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

3.6.5 A Retired Participant may elect to:

- 3.6.5.1 Change the form of distribution from the form of distribution that payment of the Retired Participant's Account would otherwise be made, and
- 3.6.5.2 Defer the time of payment of the Retired Participant's Account to begin for a minimum of one additional year from the date payment would otherwise begin (provided that if an Election is made pursuant to this Section 3.6.5.1, the Retired Participant's Account shall be distributed in full

on or before the fifth anniversary of the Retired Participant's Normal Retirement).

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

- 3.6.6 Except as provided in Section 3.6.4, Section 3.6.5 or Section 3.6.7, or if permitted by the Administrator in its sole discretion pursuant to this Section 3.6.6, no Inactive Participant who has previously elected to receive a distribution of part or all of his her Account, or who, pursuant to this Section 3.6.6, has elected to defer payment for an additional period from the originally elected payment date, may elect to defer the payment of such amount to any subsequent date. An Inactive Participant, if permitted by the Administrator in its sole discretion, may elect to defer the payment of such amount for a minimum of one and a maximum of ten additional years from the previously-elected payment date, but not later than the date permitted by the Administrator, by filing an Election with the Administrator on or before the close of business on June 30 of the Plan Year preceding the Plan Year in which the distribution would otherwise be made.
- 3.6.7 Except as provided in Section 3.6.4 or Section 3.6.6, no Grandfathered Participant who has previously elected to receive a distribution of part or all of his or her Account, or who, pursuant to this Section 3.6, has elected to defer payment for an additional period from the originally-elected payment date, may elect to defer the payment of such amount to any subsequent date.
- 3.6.8 Subject to acceleration pursuant to Section 3.6.3, Section 3.6.4, Section 7.1, Section 7.2 or Section 7.3, no distribution of the amounts deferred by a Participant for any Plan Year shall be made before the payment date designated by the Participant on the most recently filed Election with respect to such deferred amounts. Distribution of the amounts deferred for any Plan Year by a Participant (other than a Grandfathered Participant and an Inactive Participant who makes an Election under Section 3.6.5) who ceases

to be an Active Participant shall be made on the payment date designated by the Participant on the last Election filed with respect to such deferred amounts before the Participant ceased to be an Active Participant.

3.7 Distribution in Full Upon Terminating Event. The Company shall give Participants at least thirty (30) days' notice (or, if not practicable, such shorter notice as may be reasonably practicable) prior to the anticipated date of the consummation of a Terminating Event. The Committee may, in its discretion, provide in such notice that notwithstanding any other provision of the Plan or the terms of any Election, upon the consummation of a Terminating Event, the Account balance of each Participant shall be distributed in full.

4. FORMS OF DISTRIBUTION

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

- 4.1.1 A lump sum payment.
- 4.1.2 Substantially equal annual installments over a five (5), ten (10) or fifteen (15) year period.
- 4.1.3 Substantially equal monthly installments over a period not exceeding fifteen (15) years.

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

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

5. BOOK ACCOUNTS

5.1 Deferred Compensation Account. A deferred Compensation Account shall be established for each Outside Director and Eligible Employee when such Outside Director or Eligible Employee becomes a Participant. The balance of each Participant's Account as of January 1, 1997 shall include the balance of such Participant's account under the Prior Plan as of

December 31, 1996. Compensation deferred pursuant to the Plan shall be credited to the Account on the date such Compensation would otherwise have been payable to the Participant. Income, gains and losses on the balance of the Account shall be credited to the Account as provided in Section 5.2.

5.2 Crediting of Income, Gains and Losses on Accounts.

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

5.2.2 Investment Fund Elections. Effective January 1, 1997:

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

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

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

5.2.2.4 Investment fund Elections under this Section 5.2.2 shall be effective as of the first day of each Plan Year beginning on and after January 1, 1997, provided that the election is filed with the Committee on or before the close of business on December 31 of the Plan Year preceding such Plan Year.

A Participant may only make an investment fund Election with respect to the Participant's accumulated Account as of December 31, and not with respect to Compensation to be deferred for a Plan Year.

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

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

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

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

6. NON-ASSIGNABILITY, ETC.

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

7. DEATH OR DISABILITY OF PARTICIPANT

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

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

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

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

8. INTERPRETATION

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

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

9. AMENDMENT OR TERMINATION

9.1 Amendment or Termination. Except as otherwise provided by Section 9.2, the Company, by action of the Board or by action of the Committee, reserves the right at any

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

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

10. MISCELLANEOUS PROVISIONS

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

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

11. EFFECTIVE DATE

The effective date of the Plan this amendment and restatement of the Plan shall be September 16, 1997.

IN WITNESS WHEREOF, COMCAST CORPORATION has caused this Plan to be executed by its officers thereunto duly authorized, and its corporate seal to be affixed hereto, as of the 16th day of September, 1997.

COMCAST CORPORATION

BY: /s/ Stanley Wang

ATTEST: /s/ Arthur R. Block

COMCAST CORPORATION
1990 RESTRICTED STOCK PLAN

(As Amended and Restated, Effective September 16, 1997)

1. PURPOSE

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

2. DEFINITIONS

(a) "Active Grantee" means each Grantee who is actively employed by a Participating Company.

(b) "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.

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

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

(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 directly or indirectly owns then-outstanding securities of the Company having more than 50 percent of the voting power for the election of directors of the Company.

(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 1996 Stock Option Plan and the Comcast Corporation 1987 Stock Option Plan.

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

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

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

(k) "Deceased Grantee" means:

(i) A Grantee whose employment by a Participating Company is terminated by death; or

(ii) A Grantee who dies following termination of employment by a Participating Company.

(l) "Disabled Grantee" means:

(i) A Grantee whose employment by a Participating Company is terminated by reason of disability;

(ii) A Grantee who becomes disabled (as determined by the Committee) following termination of employment by a Participating Company; or

(iii) The duly-appointed legal guardian of an individual described in Paragraph 2(1)(i) or 2(1)(ii) acting on behalf of such individual.

(m) "Election" means a written election on a form provided by the Committee, filed with the Committee in accordance with Paragraph 8, pursuant to which a Grantee:

(i) Elects, within the time or times specified in Paragraph 8, to defer the distribution date of Restricted Stock; and

(ii) Designates the distribution date of Restricted Stock.

(n) "Eligible Employee" means a management employee of a Participating Company, as determined by the Committee.

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

(p) "Normal Retirement" means a Grantee's termination of employment that is treated by the Participating Company as a retirement under its employment policies and practices as in effect from time to time.

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

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

(ii) the sum of:

- (x) the number of Shares owned by such Grantee for less than six months; plus
- (y) the number of Shares owned by such Grantee that has, within the preceding six months, been the subject of a withholding certification pursuant to Paragraph 9(c)(ii) or any similar withholding certification under any other Comcast Plan; plus
- (z) the number of Shares owned by such Grantee that has, within the preceding six months, been received in exchange for Shares surrendered as payment, in full or in part, of the exercise price for an option to purchase any securities of the Company or an Affiliate under any Comcast Plan, but only to the extent of the number of Shares surrendered.

For purposes of this Paragraph 2(q), a Share that is subject to a deferral election pursuant to Paragraph 8 or another Comcast Plan shall not be treated as owned by a Grantee until all conditions to the delivery of such Share have lapsed. For purposes of Paragraph 9(c), the number of Other Available Shares shall be determined separately for the Company's Class A Special Common Stock, par value, \$1.00, and for the Company's Class A Common Stock, par value, \$1.00.

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

(s) "Participating Company" means the Company and each of the Parent Companies and Subsidiary Companies.

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

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

(v) "Plan Year" means the 365-day period (or the 366-day period) extending from January 3 to the next following January 2.

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

(x) "Retired Grantee" means a Grantee who has terminated employment pursuant to a Normal Retirement.

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

(i) Ralph J. Roberts;

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

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

(z) "Rule 16b-3" means Rule 16b-3 promulgated under the 1934 Act, as in effect from time to time.

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

(i) for all purposes of the Plan, a share or shares of Class A Special Common Stock, \$1.00 par value, of the Company.

(ii) solely for purposes of Paragraphs 2(q) and 9(c), the term "Share" or "Shares" also means a share or shares of the Company's Class A Common Stock, par value, \$1.00.

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

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

(i) the liquidation of the Company; or

(ii) a Change of Control.

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

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

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

3. RIGHTS TO BE GRANTED

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

4. SHARES SUBJECT TO THE PLAN

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

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

5. ADMINISTRATION OF THE PLAN

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

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

- (i) select those Employees to whom Awards shall be granted under the Plan, to determine the number of Shares to be granted pursuant to each Award, and, pursuant to the provisions of the Plan, to determine the terms and conditions of each Award, including the restrictions applicable to such Shares; and
- (ii) interpret the Plan's provisions, prescribe, amend and rescind rules and regulations for the Plan, and make all other determinations necessary or advisable for the administration of the Plan.

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

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

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

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

6. ELIGIBILITY

Awards may be granted only to Eligible Employees, as determined by the Committee. No Awards shall be granted to an individual who is not an employee of a Participating Company.

7. RESTRICTED STOCK AWARDS

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

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

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

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

(d) Restrictions. Subject to the provisions of the Plan and the Award, during a period set by the Committee commencing with the Date of Grant, which, for Grantees who are subject

to the short-swing profit recapture rules of section 16(b) of the 1934 Act by virtue of their position as either a director, officer or holder of more than 10 percent of any class of equity securities of the Company, shall extend for at least six (6) months from the Date of Grant, the Grantee shall not be permitted to sell, transfer, pledge or assign Restricted Stock awarded under the Plan.

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

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

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

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

8. DEFERRAL ELECTIONS

Effective for Awards granted after September 16, 1997, a Grantee may elect to defer the receipt of Restricted Stock as to which restrictions have lapsed as provided by the Committee in the Award, consistent, however, with the following:

(a) Deferral Election.

- (i) Election. Each Grantee shall have the right to defer the receipt of all or any portion of the Restricted Stock as to which the Award provides for the potential lapse of applicable restrictions by filing an Election to defer the receipt of such Restricted Stock on a form provided by the Committee for this purpose.
- (ii) Deadline for Deferral Election. No Election to defer the receipt of Restricted Stock as to which the Award provides for the potential lapse of applicable restrictions shall be effective unless it is filed with the Committee on or before the last day of the calendar year ending before the first day of the Plan Year in which the applicable restrictions may lapse; provided that an Election to defer the receipt of Restricted Stock as to which the Award provides for the potential lapse of applicable restrictions within the same Plan Year as the Plan Year in which the Award is granted shall be effective if it is filed with the Committee on or before the earlier of (A) the 30th day following the Date of Grant or (B) the last day of the month that precedes the month in which the applicable restrictions may lapse.

(b) Effect of Failure of Restrictions on Shares to Lapse. An Election shall be null and void if the restrictions on Restricted Stock do not lapse before the distribution date for such Restricted Stock identified in such Election by reason of the failure to satisfy any condition precedent to the lapse of the restrictions.

(c) Deferral Period. Except as otherwise provided in Paragraph 8(d), all Restricted Stock that is subject to an Election shall be delivered to the Grantee (or the person to whom ownership rights may have passed by will or the laws of descent and distribution) without any legend or restrictions (except those that may be imposed by the Committee, in its sole judgment, under Paragraph 9(a)), on the distribution date for such Restricted Stock designated by the Grantee on the most recently filed Election. Subject to acceleration or deferral pursuant to Paragraph 8(d) or Paragraph 11, no distribution may be made earlier than January 2nd of the third calendar year beginning after the date on which the applicable restrictions may lapse, nor later than January 2nd of the eleventh calendar year beginning after the date on which the applicable restrictions may lapse. The distribution date may vary with each separate Election.

(d) Additional Deferral Election.

- (i) Each Active Grantee who has previously made an Election to receive a distribution of part or all of his or her Account, or who, pursuant to this Paragraph 8(d)(i) has made an Election to defer the distribution date for Restricted Stock for an additional period from the originally-elected distribution date, may elect to defer the distribution date for a minimum of two and a maximum of ten additional years from the previously-elected

distribution date, by filing an Election with the Committee on or before the close of business on June 30 of the calendar year preceding the calendar year in which the distribution would otherwise be made.

- (ii) A Deceased Grantee's estate or beneficiary to whom the right to payment under the Plan shall have passed may elect to (A) defer the distribution date for the Deceased Grantee's Restricted Stock for a minimum of two additional years from the date payment would otherwise be made (provided that if an Election is made pursuant to this Paragraph 8(d)(ii)(A), the Deceased Grantee's deferred Restricted Stock shall be distributed in full on or before the fifth anniversary of the Deceased Grantee's death); or (B) accelerate the distribution date for the Deceased Grantee's Restricted Stock from the date payment would otherwise be made to January 2nd of the calendar year beginning after the Deceased Grantee's death. An Election pursuant to this Paragraph 8(d)(ii) must be filed with the Committee on or before the close of business on (x) the June 30 following the Grantee's death on or before May 1 of a calendar year, (y) the 60th day following the Grantee's death after May 1 and before November 2 of a calendar year or (z) the December 31 following the Grantee's death after November 1 of a calendar year. One and only one Election shall be permitted pursuant to this Paragraph 8(d)(ii) with respect to a Deceased Grantee.
- (iii) A Disabled Grantee may elect to accelerate the distribution date of the Disabled Grantee's Restricted Stock from the date payment would otherwise be made to January 2nd of the calendar year beginning after the Grantee became disabled. An Election pursuant to this Paragraph 8(d)(iii) must be filed with the Committee on or before the close of business on the (x) the June 30 following the date the Grantee becomes a Disabled Grantee if the Grantee becomes a Disabled Grantee on or before May 1 of a calendar year, (y) the 60th day following the date the Grantee becomes a Disabled Grantee if the Grantee becomes a Disabled Grantee after May 1 and before November 2 of a calendar year or (z) the December 31 following the date the Grantee becomes a Disabled Grantee if the Grantee becomes a Disabled Grantee after November 2 of a calendar year.
- (iv) A Retired Grantee may elect to defer the distribution date of the Retired Grantee's Restricted Stock for a minimum of two additional years from the date payment would otherwise be made (provided that if an Election is made pursuant to this Paragraph 8(d)(iv), the Retired Grantee's Account shall be distributed in full on or before the fifth anniversary of the Retired Grantee's Normal Retirement). An Election pursuant to this Paragraph 8(d)(iv) must be filed with the Committee on or before the close of

business on the later of (x) the June 30 following the Grantee's Normal Retirement on or before May 1 of a calendar year, (y) the 60th day following the Grantee's Normal Retirement after May 1 and before November 2 of a calendar year or (z) the December 31 following the Grantee's Normal Retirement after November 1 of a calendar year.

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

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

9. SECURITIES LAWS; TAXES

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

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

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

- (i) In connection with the grant of any Award or the lapse of restrictions under any Award, the Company shall have the right to (A) require the Grantee to remit to the Company an amount sufficient to satisfy any federal, state and/or local withholding tax requirements prior to the

delivery or transfer of any certificate or certificates for Shares subject to such Award, or (B) take any action whatever that it deems necessary to protect its interests with respect to tax liabilities. The Company's obligation to make any delivery or transfer of Shares shall be conditioned on the Grantee's compliance, to the Company's satisfaction, with any withholding requirement.

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

10. CHANGES IN CAPITALIZATION

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

11. TERMINATING EVENTS

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

12. AMENDMENT AND TERMINATION

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

13. EFFECTIVE DATE

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

14. GOVERNING LAW

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

Executed as of the 16th day of September, 1997

COMCAST CORPORATION

BY:/s/ Stanley Wang

ATTEST: /s/ Arthur R. Block

1996 CASH BONUS PLAN

(Amended and Restated, Effective May 30, 1997)

1. PURPOSE

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

2. DEFINITIONS

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

(b) "Applicable Percent" means the percentage that corresponds to a Modified Target, as identified in Exhibit A.

(c) "Annual Amount at Risk" means the amount designated by the Committee for each Plan Year as the maximum portion of the Award payable for such Plan Year, provided that the "Annual Amount at Risk" for the last Plan Year of an Award shall not include the Last Year Amount at Risk.

(d) "Award" or "Cash Bonus Award" means a cash bonus award granted under the Plan.

(e) "Award Period" means the period extending from January 1 of the first Plan Year for which there is an Annual Amount at Risk through December 31 of the last Plan Year for which there is an Annual Amount at Risk.

(f) "Base Year" means 1995, except as otherwise provided by the Committee and provided in an Award.

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

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(h) "C" means the Consolidated Operating Cash Flow of the Company, the Cable Division or the Cellular Division, as applicable, for the Base Year.

(i) "Cable Division" means the Company's cable television business, as determined by the Committee in its sole discretion.

(j) "Cellular Division" means the Company's cellular telephone business, as determined by the Committee in its sole discretion.

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

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

(m) "Company."

(i) Except as otherwise provided in Paragraph 2(m)(ii), "Company" means Comcast Corporation, a Pennsylvania corporation, including any successor thereto by merger, consolidation, acquisition of all or substantially all the assets thereof, or otherwise.

(ii) For purposes of determining an Eligible Employee's employer, "Company" means Comcast Corporation, a Pennsylvania corporation.

(n) "Compounded Annual Growth Rate" means the value determined under the following mathematical formula:

$$C[(1+r)^n]$$

where C, r and n have the definitions provided in this Paragraph 2 of the Plan.

(o) "Consolidated Operating Cash Flow" means the consolidated operating income plus depreciation and amortization, of the

Company, the Cable Division or the Cellular Division, as applicable, for a Plan Year, as determined by the Committee in accordance with generally accepted accounting principles. If the results of operations of a business acquired or disposed of after December 31 of the Base Year would, under generally accepted accounting principles, be included (in the case of an acquisition) or excluded (in the case of a disposition) from the consolidated financial statements of the Company, the Cable Division or the Cellular

Division, as applicable, from the date of acquisition or disposition, and, in such event, the Committee decides in its sole discretion that such inclusion or exclusion will materially affect the comparability of such amount for the Plan Year in which the acquisition or disposition occurs and each Plan Year thereafter to that for the Base Year, then for the purpose of determining whether the Target has been met for the Plan Year in which the acquisition or disposition occurs and each Plan Year thereafter only, the Consolidated Operating Cash Flow for the Base Year shall be restated to account for such acquisition or disposition as if it had occurred on January 1 of the Base Year, using actual historical financial information for the acquired or disposed of business. The Committee may also decide in its sole discretion that an event (such as a non-recurring item or the results of a start-up or development stage business) in a Plan Year will materially affect the comparability of the results of operations for such Plan Year to that for the Base Year, in which case the Committee may restate the results of operations for such Plan Year to make an equitable adjustment thereto.

(p) "Cumulative Annual Amount at Risk" means, for any Plan Year, the sum of the Annual Amount at Risk for such Plan Year and each preceding Plan Year in the Award Period.

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

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

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

(t) "Last Year Amount at Risk" means the amount designated by the Committee as the portion of the Award at risk for the last Plan Year in the Award Period, provided that the "Last Year Amount at Risk" shall not include the portion of the Award designated by the Committee as the Annual Amount at Risk for the such Plan Year.

(u) "Modified Target" means for any Plan Year beginning after 1996, Consolidated Operating Cash Flow for the Company, the Cable Division or the Cellular Division, as applicable, which equals or exceeds a percentage of the Compounded Annual Growth Rate for such Plan Year as established by the Committee for the Company, the Cable Division or the Cellular Division, as applicable; provided that any fractional percentage shall be rounded to the nearest identified percentage.

(v) "n" means a value applied for purposes of determining the Compounded Annual Growth Rate for the Company, the Cable Division or the Cellular Division, as applicable, as follows:

(i) for purposes of determining Compounded Annual Growth Rate for the first Plan Year beginning after the Base Year, $n = 1$.

(ii) for purposes of determining Compounded Annual Growth Rate for the second Plan Year beginning after the Base Year, n = 2.

(iii) for purposes of determining Compounded Annual Growth Rate for the third Plan Year beginning after the Base Year, n = 3.

(iv) for purposes of determining Compounded Annual Growth Rate for the fourth Plan Year beginning after the Base Year, n = 4.

(v) for purposes of determining Compounded Annual Growth Rate for the fifth Plan Year beginning after the Base Year, n = 5.

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

(x) "Plan" means the Comcast Corporation 1996 Cash Bonus Plan, as set forth herein, and as amended from time to time.

(y) "Plan Year" means the calendar year.

(z) "r" means the interest rate established by the Committee for purposes of determining the Compounded Annual Growth Rate for the Company, the Cable Division or the Cellular Division, as applicable.

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

(i) Ralph J. Roberts;

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

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

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

(cc) "Target" means, for any Plan Year beginning after the Base Year, Consolidated Operating Cash Flow for the Company, the Cable Division or the Cellular Division, as applicable, which equals or exceeds the Compounded Annual Growth Rate for such Plan Year, based on the annualized interest rate, "r," established by the Committee for the Company, the Cable Division or the Cellular Division, as applicable.

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

(i) the liquidation of the Sponsor; or

(ii) a Change of Control.

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

(ff) "Total Annual Amounts at Risk" means the sum of the Annual Amounts at Risk for an Award.

3. RIGHTS TO BE GRANTED

Rights that may be granted under the Plan are rights to cash payments, payable in accordance with the terms of the Plan and the Award document.

4. ADMINISTRATION OF THE PLAN

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

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

(i) select those Eligible Employees to whom Awards shall be granted under the Plan, to determine the amount of cash to be paid pursuant to each Award, and, pursuant to the provisions of the Plan, to determine the terms and conditions of each Award; and

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

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

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

(d) Exculpation. No member of the Committee shall be personally liable for monetary damages for any action taken or any failure to take any action in connection with the administration of the Plan or the granting of Awards thereunder unless (i) the member of

the Committee has breached or failed to perform the duties of his office, and (ii) the breach or failure to perform constitutes self-dealing, wilful misconduct or recklessness; provided, however, that the provisions of this Paragraph 4(d) shall not apply to the responsibility or liability of a member of the Committee pursuant to any criminal statute.

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

5. ELIGIBILITY

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

6. CASH BONUS AWARDS

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

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

(b) Non-uniformity of Awards. The provisions of Awards need not be the same with respect to each Grantee.

(c) Awards and Agreements. The terms of each Award shall be reflected in an Award document in form and substance satisfactory to the Committee.

(d) Conditions to Payment of Awards. The Committee shall establish such conditions on the payment of a bonus pursuant to an Award as it may, in its sole discretion, deem appropriate. The conditions shall be set forth in the Award document. The Award may provide for the payment of Awards in installments, or upon the satisfaction of divisional or Company-wide performance targets, as determined by the Committee. The Committee may, in its sole discretion, waive, in whole or in part, any remaining conditions to payment of a Grantee's Award. The Grantee shall not be permitted to sell, transfer, pledge or assign any amount payable

pursuant to the Plan or an Award (provided that the right to payment under an Award may pass by will or the laws of descent and distribution).

(e) Termination of Grantee's Employment. A transfer of an Eligible Employee between two employers, each of which is the Company or a Subsidiary, shall not be deemed a termination of employment. The Committee may grant Awards pursuant to which the calculation of an Award is modified in connection with a transfer of a Grantee between two employers, each of which is the Company or a Subsidiary. In the event that a Grantee terminates employment with the Company and its Subsidiaries, all Awards remaining subject to conditions to payment shall be forfeited by the Grantee and deemed canceled by the Company.

(f) Payment of Cash. Subject to Paragraph 11, and as further provided in Paragraphs 7, 8, 9 and 10, following the satisfaction of the conditions to payment of an Award, the Company shall pay the Grantee (or the person to whom the right to payment may have passed by will or the laws of descent and distribution) the amount payable in connection with the lapse of such restrictions.

7. CONDITIONS TO PAYMENT OF CASH BONUS AWARDS

Except as otherwise determined by the Committee and provided in the terms of an Award:

(a) The restrictions on the payment of Awards of Grantees employed by the Company shall be determined pursuant to Paragraph 8.

(b) The conditions to the payment of Awards of Grantees employed by the Cable Division shall be determined pursuant to Paragraph 9.

(c) The conditions to the payment of Awards of Grantees employed by the Cellular Division shall be determined pursuant to Paragraph 10.

8. CORPORATE TARGET AND CASH BONUS

(a) Amount of Cash Bonus Award. The amount of an Award to Eligible Employees of the Company shall be determined by the Committee.

(b) Target. The Target for Eligible Employees of the Company shall be met for each Plan Year beginning after the Base Year if Consolidated Operating Cash Flow for the Company equals or exceeds the Compounded Annual Growth Rate for such Plan Year, where "r" equals 12 percent (0.12); provided that the Modified Target and Applicable Percent for purposes of this Paragraph 8 shall be determined in accordance with Exhibit A.

(c) Awards with Dates of Grant Before July 1, 1996.
Except as otherwise determined by the Committee and provided in the terms of an Award, the following rules shall apply if the Date of Grant of the Award is before July 1, 1996.

(i) Payment of Cash Bonus Award. The Cash Bonus Award shall be paid to a Grantee at the following times if the following conditions are satisfied:

- (v) 15 percent of the Award shall be paid on or before March 15, 1997 if the Target is met for the 1996 Plan Year and the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31, 1996.
- (w) 30 percent of the Award (less any portion of the Award previously paid to Grantee) (the "1997 Basic Award") shall be paid on or before March 15, 1998 if the Target is met for the 1997 Plan Year and the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31, 1997; provided, however, that if a Modified Target is met for the 1997 Plan Year, the Applicable Percent of the 1997 Award shall be paid.
- (x) 45 percent of the Award (less any portion of the Award previously paid to Grantee) (the "1998 Basic Award") shall be paid on or before March 15, 1999 if the Target is met for the 1998 Plan Year and the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31, 1998; provided, however, that if a Modified Target is met for the 1998 Plan Year, the Applicable Percent of the 1998 Award shall be paid.
- (y) 60 percent of the Award (less any portion of the Award previously paid to Grantee) (the "1999 Basic Award") shall be paid on or before March 15, 2000 if the Target is met for the 1999 Plan Year and the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31, 1999; provided, however, that if a Modified Target is met for the 1999 Plan Year, the

Applicable Percent of the 1999 Award shall be paid.

- (z) 75 percent of the Award (less any portion of the Award previously paid to Grantee) (the "2000 Basic Award") shall be paid on or before March 15, 2001 if the Target is met for the 2000 Plan Year and the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31, 2000; provided, however, that if a Modified Target is met for the 2000 Plan Year, the Applicable Percent of the 2000 Award shall be paid.

(ii) Payment of Supplemental Cash Bonus Award.

If the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31, 2000, the Grantee shall be paid an additional portion of the Cash Bonus Award on or before March 15, 2001. Such additional portion of the Cash Bonus Award shall be equal to the sum of the following amounts, provided that the amount determined under any of (v), (w), (x), (y) or (z) below shall not be less than zero.

- (v) 5 percent of the Award if the Target was met for the 1996 Plan Year or, if a Modified Target was met for the 1996 Plan Year, the Applicable Percent of 5 percent of the Award.
- (w) 10 percent of the Award (less the amount described in Paragraph 8(c)(ii)(v)) (the "1997 Supplemental Award") if the Target was met for the 1997 Plan Year or, if a Modified Target was met for the 1997 Plan Year, the Applicable Percent of the 1997 Supplemental Award.
- (x) 15 percent of the Award (less the sum of the amounts described in Paragraphs 8(c)(ii)(v) and (w)) (the "1998 Supplemental Award") if the Target was met for the 1998 Plan Year or, if a Modified Target was met for the 1998 Plan Year, the Applicable Percent of the 1998 Supplemental Award.
- (y) 20 percent of the Award (less the sum of the amounts described in Paragraphs 8(c)(ii)(v), (w) and

(x)) (the "1999 Supplemental Award") if the Target was met for the 1999 Plan Year or, if a Modified Target was met for the 1999 Plan Year, the Applicable Percent of the 1999 Supplemental Award.

(z) 25 percent of the Award (less the sum of the amounts described in Paragraphs 8(c)(ii)(v), (w), (x) and (y)) (the "2000 Supplemental Award") if the Target was met for the 2000 Plan Year or, if a Modified Target was met for the 2000 Plan Year, the Applicable Percent of the 2000 Supplemental Award.

(d) Awards With Dates of Grant After June 30, 1996.

Except as otherwise determined by the Committee and provided in the terms of an Award, the following rules shall apply if the Date of Grant of an Award is after June 30, 1996.

(i) For the first Plan Year in the Award Period, the Annual Amount at Risk for such Plan Year shall be paid on or before March 15 next following such Plan Year if the Target is met for such Plan Year and the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31 of such Plan Year; provided, however, that if a Modified Target is met for such Plan Year, the Applicable Percent of the Annual Amount at Risk for such Plan Year shall be paid.

(ii) For each succeeding Plan Year in the Award Period, the Cumulative Annual Amount at Risk (less any portion of the Award previously paid to the Grantee) (the "Succeeding Plan Year Basic Award") shall be paid on or before March 15 next following such Plan Year if the Target is met for such Plan Year and the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31 of such Plan Year; provided, however, that if a Modified Target is met for such succeeding Plan Year, the Applicable Percent of the Succeeding Plan Year Basic Award shall be paid.

(iii) If the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31 of the last Plan Year in the Award Period, the Grantee shall be paid an additional portion of the Cash Bonus Award on or before March 15 of the next succeeding calendar year, determined as the sum of the following amounts:

(x) A percentage of the Award if the Target was met for the first Plan Year in the Award Period, or, if a Modified Target was met for the first Plan Year in

the Award Period, the
Applicable Percent of such
amount.

- (y) A percentage of the Award
(less the sum of the amounts
described in Paragraph
8(d)(iii)(x) and this
Paragraph 8(d)(iii)(y) for all
preceding Plan Years) (the
"Supplemental Award") if the
Target was met for a
succeeding Plan Year in the
Award Period, or if a Modified
Target was met for such
succeeding Plan Year, the
Applicable Percent of the
Supplemental Award, provided
that the applicable amount for
any Plan Year shall not be
less than zero.
- (z) The portion of the Award
assigned to each Plan Year
pursuant to this Paragraph
8(d)(iii) shall be equal to
the product of (i) the Last
Year Amount at Risk times (ii)
the quotient obtained by
dividing the Cumulative Annual
Amount at Risk for such Plan
Year by the Total Annual
Amounts at Risk.

9. CABLE DIVISION TARGET AND CASH BONUS

(a) Amount of Cash Bonus Award. The amount of an
Award to Eligible Employees of the Cable Division shall be determined by the
Committee.

(b) Target. The Target for Eligible Employees of the
Cable Division shall be met for each Plan Year beginning after the Base Year if
Consolidated Operating Cash Flow for the Cable Division equals or exceeds the
Compounded Annual Growth Rate for such Plan Year, where "r" equals 10 percent
(0.10); provided that the Modified Target and Applicable Percent for purposes of
this Paragraph 9 shall be determined in accordance with Exhibit A.

(c) Awards with Dates of Grant Before July 1, 1996.
Except as otherwise determined by the Committee and provided in the terms of an
Award, the following rules shall apply if the Date of Grant of the Award is
before July 1, 1996.

(i) Payment of Cash Bonus Award. The Cash Bonus
Award shall be paid to a Grantee at the following times if the following
conditions are satisfied:

- (v) 15 percent of the Award shall
be paid on or before March 15,
1997 if the Target is met for
the 1996 Plan Year and the
Grantee is an active employee
of

the Company or a Subsidiary continuously from the Date of Grant to December 31, 1996.

- (w) 30 percent of the Award (less any portion of the Award previously paid to Grantee) (the "1997 Basic Award") shall be paid on or before March 15, 1998 if the Target is met for the 1997 Plan Year and the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31, 1997; provided, however, that if a Modified Target is met for the 1997 Plan Year, the Applicable Percent of the 1997 Award shall be paid.
- (x) 45 percent of the Award (less any portion of the Award previously paid to Grantee) (the "1998 Basic Award") shall be paid on or before March 15, 1999 if the Target is met for the 1998 Plan Year and the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31, 1998; provided, however, that if a Modified Target is met for the 1998 Plan Year, the Applicable Percent of the 1998 Award shall be paid.
- (y) 60 percent of the Award (less any portion of the Award previously paid to Grantee) (the "1999 Basic Award") shall be paid on or before March 15, 2000 if the Target is met for the 1999 Plan Year and the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31, 1999; provided, however, that if a Modified Target is met for the 1999 Plan Year, the Applicable Percent of the 1999 Award shall be paid.
- (z) 75 percent of the Award (less any portion of the Award previously paid to Grantee) (the "2000 Basic Award") shall be paid on or before March 15, 2001 if the Target is met for the 2000 Plan Year and the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31, 2000; provided, however, that if a

Modified Target is met for the 2000 Plan Year, the Applicable Percent of the 2000 Award shall be paid.

(ii) Payment of Supplemental Cash Bonus Award.

If the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31, 2000, the Grantee shall be paid an additional portion of the Cash Bonus Award on or before March 15, 2001. Such additional portion of the Cash Bonus Award shall be equal to the sum of the following amounts, provided that the amount determined under any of (v), (w), (x), (y) or (z) below shall not be less than zero.

- (v) 5 percent of the Award if the Target was met for the 1996 Plan Year or, if a Modified Target was met for the 1996 Plan Year, the Applicable Percent of 5 percent of the Award.
- (w) 10 percent of the Award (less the amount described in Paragraph 9(c)(ii)(v)) (the "1997 Supplemental Award") if the Target was met for the 1997 Plan Year or, if a Modified Target was met for the 1997 Plan Year, the Applicable Percent of the 1997 Supplemental Award.
- (x) 15 percent of the Award (less the sum of the amounts described in Paragraphs 9(c)(ii)(v) and (w)) (the "1998 Supplemental Award") if the Target was met for the 1998 Plan Year or, if a Modified Target was met for the 1998 Plan Year, the Applicable Percent of the 1998 Supplemental Award.
- (y) 20 percent of the Award (less the sum of the amounts described in Paragraphs 9(c)(ii)(v), (w) and (x)) (the "1999 Supplemental Award") if the Target was met for the 1999 Plan Year or, if a Modified Target was met for the 1999 Plan Year, the Applicable Percent of the 1999 Supplemental Award.
- (z) 25 percent of the Award (less the sum of the amounts described in Paragraphs 9(c)(ii)(v), (w), (x) and (y)) (the "2000 Supplemental Award") if the Target was met for the 2000 Plan Year or, if a

Modified Target was met for the 2000 Plan Year, the Applicable Percent of the 2000 Supplemental Award.

(d) Awards With Dates of Grant After June 30, 1996.

Except as otherwise determined by the Committee and provided in the terms of an Award, the following rules shall apply if the Date of Grant of an Award is after June 30, 1996.

(i) For the first Plan Year in the Award Period, the Annual Amount at Risk for such Plan Year shall be paid on or before March 15 next following such Plan Year if the Target is met for such Plan Year and the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31 of such Plan Year; provided, however, that if a Modified Target is met for such Plan Year, the Applicable Percent of the Annual Amount at Risk for such Plan Year shall be paid.

(ii) For each succeeding Plan Year in the Award Period, the Cumulative Annual Amount at Risk (less any portion of the Award previously paid to the Grantee) (the "Succeeding Plan Year Basic Award") shall be paid on or before March 15 next following such Plan Year if the Target is met for such Plan Year and the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31 of such Plan Year; provided, however, that if a Modified Target is met for such succeeding Plan Year, the Applicable Percent of the Succeeding Plan Year Basic Award shall be paid.

(iii) If the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31 of the last Plan Year in the Award Period, the Grantee shall be paid an additional portion of the Cash Bonus Award on or before March 15 of the next succeeding calendar year, determined as the sum of the following amounts:

- (x) A percentage of the Award if the Target was met for the first Plan Year in the Award Period, or, if a Modified Target was met for the first Plan Year in the Award Period, the Applicable Percent of such amount.
- (y) A percentage of the Award (less the sum of the amounts described in Paragraph 9(d)(iii)(x) and this Paragraph 9(d)(iii)(y) for all preceding Plan Years) (the "Supplemental Award") if the Target was met for a succeeding Plan Year in the Award Period, or if a Modified Target was met for such succeeding Plan Year, the Applicable Percent of the Supplemental Award, provided that the applicable

amount for any Plan Year shall not be less than zero.

- (z) The portion of the Award assigned to each Plan Year pursuant to this Paragraph 9(d)(iii) shall be equal to the product of (i) the Last Year Amount at Risk times (ii) the quotient obtained by dividing the Cumulative Annual Amount at Risk for such Plan Year by the Total Annual Amounts at Risk.

10. CELLULAR DIVISION TARGET AND CASH BONUS

(a) Amount of Cash Bonus Award. The amount of an Award to Eligible Employees of the Cellular Division shall be determined by the Committee.

(b) Target. The Target for Eligible Employees of the Cellular Division shall be met for each Plan Year beginning after the Base Year if Consolidated Operating Cash Flow for the Cellular Division equals or exceeds the Compounded Annual Growth Rate for such Plan Year, where "r" equals 15 percent (0.15); provided that the Modified Target and Applicable Percent for purposes of this Paragraph 10 shall be determined in accordance with Exhibit A.

(c) Awards with Dates of Grant Before July 1, 1996. Except as otherwise determined by the Committee and provided in the terms of an Award, the following rules shall apply if the Date of Grant of an Award is before July 1, 1996.

(i) Payment of Cash Bonus Award - Performance Target Condition. Half of the Cash Bonus Award (hereinafter, the "Cellular Performance Award") shall be subject to service and performance conditions. If the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31, 2000, the Grantee shall be paid all or part of the Cellular Performance Award on or before March 15, 2001. The Cellular Performance Award shall be equal to the sum of the following amounts, provided that the amount determined under any of (v), (w), (x), (y) or (z) below shall not be less than zero.

- (v) 20 percent of the Cellular Performance Award if the Target was met for the 1996 Plan Year or, if a Modified Target was met for the 1996 Plan Year, the Applicable Percent of 20 percent of the Cellular Performance Award.
- (w) 40 percent of the Cellular Performance Award (less the amount described in Paragraph 10(c)(i)(v)) (the "1997 Cellular Performance Award") if the Target was met for the 1997 Plan Year or, if a Modified

Target was met for the 1997 Plan Year, the Applicable Percent of the 1997 Cellular Performance Award.

- (x) 60 percent of the Cellular Performance Award (less the sum of the amounts described in Paragraphs 10(c)(i)(v) and (w)) (the "1998 Cellular Performance Award") if the Target was met for the 1998 Plan Year or, if a Modified Target was met for the 1998 Plan Year, the Applicable Percent of the 1998 Cellular Performance Award.
- (y) 80 percent of the Cellular Performance Award (less the amounts described in Paragraphs 10(c)(i)(v), (w) and (x)) (the "1999 Cellular Performance Award") if the Target was met for the 1999 Plan Year or, if a Modified Target was met for the 1999 Plan Year, the Applicable Percent of the 1999 Cellular Performance Award.
- (z) 100 percent of the Cellular Performance Award (less the amounts described in Paragraphs 10(c)(i)(v), (w), (x) and (y)) (the "2000 Cellular Performance Award") if the Target was met for the 2000 Plan Year or, if a Modified Target was met for the 2000 Plan Year, the Applicable Percent of the 2000 Cellular Performance Award.

(ii) Payment of Cash Bonus Award - Service Condition. Half of the Cash Bonus Award (hereinafter, the "Cellular Service Award") shall be subject to service conditions, and shall be paid to a Grantee at the following times if the following conditions are satisfied:

- (v) 20 percent of the Cellular Service Award shall be paid on or before February 29, 1996.
- (w) 20 percent of the Cellular Service Award shall be paid on or before February 28, 1998 if the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31, 1997.

- (x) 20 percent of the Cellular Service Award shall be paid on or before February 28, 1999 if the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31, 1998.
- (y) 20 percent of the Cellular Service Award shall be paid on or before February 29, 2000 if the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31, 1999.
- (z) 20 percent of the Cellular Service Award shall be paid on or before February 28, 2001 if the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31, 2000.

(d) Awards With Dates of Grant After June 30, 1996. Except as otherwise determined by the Committee and provided in the terms of an Award, the following rules shall apply if the Date of Grant of an Award is after June 30, 1996.

(i) Payment of Cash Bonus Award - Performance Target. Half of the Cash Bonus Award (hereinafter, the "Cellular Performance Award") shall be subject to service and performance conditions. If the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31 of the last Plan Year in the Award Period, the Grantee shall be paid all or part of the Cellular Performance Award on or before March 15 of the next succeeding calendar year. The Cellular Performance Award shall be equal to the sum of the following amounts:

- (x) A percentage of the Award if the Target was met for the first Plan Year in the Award Period, or, if a Modified Target was met for the first Plan Year in the Award Period, the Applicable Percent of such amount.
- (y) A percentage of the Award (less the sum of the amounts described in Paragraph 10(d)(i)(x) and this Paragraph 10(d)(i)(y) for all preceding Plan Years) (the "Performance Award Amount") if the Target was met for a succeeding Plan Year in the Award Period, or if a Modified Target was met for such succeeding Plan Year, the Applicable Percent of

such Performance Award Amount, provided that the applicable amount for any Plan Year shall not be less than zero.

- (z) The portion of the Award assigned to each Plan Year pursuant to this Paragraph 10(d)(i) shall be equal to the "Cumulative Cellular Performance Award." For purposes of this Paragraph 10(d)(i), the term "Cumulative Cellular Performance Award" means the product of the Cellular Performance Award times a fraction, the numerator of which is the value "n" assigned to such Plan Year pursuant to Paragraph 2(v), and the denominator of which is the total number of Plan Years in the Award Period.

(ii) Payment of Cash Bonus Award - Service Condition. Half of the Cash Bonus Award (hereinafter, the "Cellular Service Award") shall be subject to service conditions, and shall be paid to a Grantee at the following times if the following conditions are satisfied, provided that no payment of a Cellular Service Award shall be made unless the Grantee shall have delivered to the Company a duly executed employment agreement in form and substance satisfactory to the Company:

- (w) A percentage of the Cellular Service Award shall be paid as soon as reasonably practicable following the Date of Grant.
- (x) A percentage of the Cellular Service Award shall be paid on or before the last day of February of the third Plan Year in the Award Period, if any, if the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31 of the second Plan Year in the Award Period.
- (y) A percentage of the Cellular Service Award shall be paid on or before the last day of February of each succeeding Plan Year in the Award Period, if any, if the Grantee is an active employee of the Company or a Subsidiary continuously from the Date of Grant to December 31 of the Plan Year preceding such succeeding Plan Year in the Award Period.

- (z) The percentage of the Cellular Service Award assigned to each Plan Year pursuant to this Paragraph 10(d)(ii) shall be equal to the quotient obtained by dividing the Cellular Service Award by the number of Plan Years in the Award Period.

11. TAXES

The Company shall withhold the amount of any federal, state, local or other tax, charge or assessment attributable to the grant of any Award or lapse of restrictions under any Award as it may deem necessary or appropriate, in its sole discretion.

12. TERMINATING EVENTS

The Committee shall give Grantees at least thirty (30) days' notice (or, if not practicable, such shorter notice as may be reasonably practicable) prior to the anticipated date of the consummation of a Terminating Event. The Committee may, in its discretion, provide in such notice that upon the consummation of such Terminating Event, any remaining conditions to payment of a Grantee's Award shall be waived, in whole or in part.

13. AMENDMENT AND TERMINATION

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

14. EFFECTIVE DATE

The effective date of this amendment and restatement of the Plan is May 30, 1997, the date on which it was adopted by the Committee. To the extent provided by the Committee, the rules of the Plan, as amended and restated, shall apply to the determination of payments to be made pursuant to the Plan on and after the effective date of this amendment and restatement of the Plan.

15. GOVERNING LAW

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

Executed this 30th day of May, 1997

[CORPORATE SEAL]

COMCAST CORPORATION

ATTEST:/s/ Arthur R. Block

BY: /s/ Stanley Wang

COMCAST CORPORATION
1997 DEFERRED STOCK OPTION PLAN
(Effective September 16, 1997)

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COMCAST CORPORATION
1997 DEFERRED STOCK OPTION PLAN

(Effective September 16, 1997)

1. ESTABLISHMENT OF PLAN

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

2. DEFINITIONS

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

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

2.3 "Active Participant" means:

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

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

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

2.4 "Affiliate" means, with respect to any Person, any other Person that, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, the term "control," including its correlative terms "controlled by" and "under common control with," mean, with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management

and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

2.5 "Administrator" means the Committee.

2.6 "Annual Rate of Pay" means, as of any date, the sum of:

2.6.1 An employee's annualized base pay rate, plus

2.6.2 The amount of bonus, if any, paid to such employee pursuant to a Bonus Program during the 365-day period ending on such date.

An employee's Annual Rate of Pay shall not include sales commissions or other similar payments or awards.

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

2.8 "Bonus Program" means a plan or arrangement maintained by a Participating Company for the benefit of a class or category of employees, which provides for the payment of a cash bonus to eligible members of such class or category upon the satisfaction of such conditions as may be provided under such plan or arrangement, provided that the term "Bonus Program" shall not include any arrangement for the payment of sales commissions or other similar payments or awards.

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

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

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

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

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

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

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

2.16 "Deceased Participant" means:

- 2.16.1 A Participant whose employment, or, in the case of a Participant who was an Outside Director, a Participant whose service as an Outside Director, is terminated by death;
- 2.16.2 A Participant who dies following termination of active service; or
- 2.16.3 A Permitted Transferee of an individual described in Paragraph 2.16.1 or 2.16.2, if applicable.

2.17 "Disabled Participant" means:

- 2.17.1 A Participant whose employment or, in the case of a Participant who is an Outside Director, a Participant whose service as an Outside Director, is terminated by reason of disability;
- 2.17.2 A Participant who becomes disabled (as determined by the Committee) following termination of active service;
- 2.17.3 The duly-appointed legal guardian of an individual described in Paragraph 2.17.1 or 2.17.2 acting on behalf of such individual; or
- 2.17.4 A Permitted Transferee of an individual described in Paragraph 2.17.1 or 2.17.2, if applicable.

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

- 2.18.1 Elects, within the time or times specified in Article 3, to defer the receipt of Shares pursuant to the exercise of all or part of an Option; and
- 2.18.2 Designates the time that such Shares and any dividend equivalents shall be distributed.

2.19 "Eligible Employee" means:

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

2.20 "Fair Market Value."

- 2.20.1 If Shares are listed on a stock exchange, Fair Market Value shall be determined based on the last reported sale price of a Share on the principal exchange on which Shares are listed on the last trading day prior to the date of determination.
- 2.20.2 If Shares are not so listed, but trades of Shares are reported on the Nasdaq National Market, the last quoted sale price of a share on the Nasdaq National Market on the last trading day prior to the date of determination.
- 2.20.3 If Shares are not so listed nor trades of Shares so reported, Fair Market Value shall be determined by the Committee in good faith.

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

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

2.23 "Immediate Family" means an Outside Director's, Former Outside Director's, Eligible Employee's or Former Eligible Employee's spouse and lineal descendants, any trust all beneficiaries of which are any of such persons and any partnership all partners of which are any of such persons.

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

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

2.26 "Normal Retirement" means:

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

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

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

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

2.27.2 The sum of:

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

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

2.27.2.3 The number of Shares owned by such Person that has, within the preceding six months, been received in exchange for Shares surrendered as payment, in full or in part, of the exercise price for an option to purchase any securities of the Company or an

Affiliate under any Comcast Plan, but only to the extent of the number of Shares surrendered.

For purposes of this Paragraph 2.27, a Share that is subject to a deferral election pursuant to this Plan or another Comcast Plan shall not be treated as owned by a Person until all conditions to the delivery of such Share have lapsed. The number of Other Available Shares shall be determined separately for Shares of A Stock and Shares of K Stock.

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

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

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

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

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

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

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

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

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

2.37 "Plan Year" means the calendar year.

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

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

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

2.40.1 Ralph J. Roberts;

2.40.2 A lineal descendant of Ralph J. Roberts; or

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

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

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

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

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

2.44.1 The liquidation of the Company; or

2.44.2 A Change of Control.

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

3. DEFERRAL ELECTIONS

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

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

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

3.4 Election of Distribution Date.

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

3.4.2 Each Active Participant who has previously elected to receive a distribution of part or all of his or her Account, or who, pursuant to this Paragraph 3.4.2 has elected to defer the distribution date for Shares for an additional period from the originally-elected distribution date, may elect to defer the time of payment of such

amount for a minimum of two and a maximum of ten additional years from the previously-elected distribution date, by filing an Election with the Administrator on or before the close of business on June 30 of the Plan Year preceding the Plan Year in which the distribution would otherwise be made.

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

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

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

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

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

November 2 of a calendar year or (iii) the December 31 following the date the Participant becomes a Disabled Participant if the Participant becomes a Disabled Participant after November 2 of a calendar year.

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

3.5 Effect of Terminating Event. The Company shall give Participants at least thirty (30) days' notice (or, if not practicable, such shorter notice as may be reasonably practicable) prior to the anticipated date of the consummation of a Terminating Event. The Company may, in its discretion, provide in such notice that notwithstanding any other provision of the Plan or the terms of any Election, upon the consummation of a Terminating Event, the Account balance of each Participant shall be distributed in full and any outstanding Elections shall be revoked.

4. FORM OF DISTRIBUTION

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

5. BOOK ACCOUNTS

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

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

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

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

6. NON-ASSIGNABILITY, ETC.

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

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

7. INTERPRETATION

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

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

8. AMENDMENT OR TERMINATION

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

9. MISCELLANEOUS PROVISIONS

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

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

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

10. EFFECTIVE DATE

The effective date of the Plan shall be September 16, 1997.

IN WITNESS WHEREOF, COMCAST CORPORATION has caused this Plan to be executed by its officers thereunto duly authorized, and its corporate seal to be affixed hereto, as of the 16th day of September, 1997.

COMCAST CORPORATION

BY: /s/ Stanley Wang

ATTEST: /s/ Arthur R. Block

This schedule contains summary financial information extracted from the consolidated statement of operations and consolidated balance sheet and is qualified in its entirety by reference to such financial statements.

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COMCAST CORPORATION
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	DEC-31-1997	
	SEP-30-1997	
		574
		207
		508
		(102)
		339
	1,682	4,089
	(1,317)	
	12,790	
1,446		6,700
	507	
		32
		349
		590
12,790		3,520
	3,520	(867)
	(3,157)	
	(92)	
	0	
	(423)	
	(153)	
	(45)	
	(131)	
	0	
	(26)	0
		(157)
		(.50)
		(.50)

loss before income tax expense and other items excludes the effect of minority interests, net of tax, of \$67.