

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM S-8
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

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

Pennsylvania 23-1709202
(State or other jurisdiction (I.R.S. Employer Identification No.)
of incorporation or organization)

1500 Market Street
Philadelphia, PA 19102-2148
(Address of principal executive offices)

COMCAST CORPORATION 1996 STOCK OPTION PLAN

(Full title of the plan)

Arthur R. Block
Senior Vice President and General Counsel
Comcast Corporation
1500 Market Street
Philadelphia, Pennsylvania 19102-2148
(Name and address of agent for service)

(215) 665-1700
(Telephone number, including area code, of agent for service)

CALCULATION OF REGISTRATION FEE

Title of securities to be registered	Amount to be Registered (1)	Proposed Maximum Offering Price Per Share (2)	Proposed Maximum Aggregate Offering Price (2)	Amount of Registration Fee
Class A Special Common Stock, par value \$1.00 per share	11,665,016 13,334,984	\$ 33.63 \$ 22.095	\$ 392,294,488 \$ 294,636,471	\$ 36,091 \$ 27,107
TOTAL	25,000,000		\$ 686,930,959	\$ 63,198

- (1) Pursuant to Rule 416(b), there shall also be deemed covered hereby such additional shares as may result from anti-dilution adjustments under the Comcast Corporation 1996 Stock Option Plan (the "Plan") hereinafter be offered or issued to prevent dilution resulting from stock splits, stock dividends, recapitalizations or certain other capital adjustments.
- (2) Estimated pursuant to paragraph (h) of Rule 457 solely for the purpose of calculating the registration fee on the basis of: (i) the weighted average of the option exercise price with respect to outstanding options to purchase 11,665,016 shares and (ii) the average of the high and low sales prices of shares of Class A Special Common Stock on the Nasdaq National Market on September 5, 2002 with respect to the 13,334,984 shares subject to future grant under the Plan.

EXPLANATORY NOTE

Pursuant to General Instruction E of Form S-8, this Registration Statement is being filed in order to register 25,000,000 additional shares of Class A Special Common Stock, par value \$1.00 per share ("Common Stock") of Comcast Corporation (the "Company"), with respect to the currently effective Registration Statements on Form S-8 of the Company relating to a certain employee benefit plan of the Company.

The contents of the Registration Statements on Form S-8 as filed July 22, 1996, Registration No. 333-08577 and September 7, 2001, Registration Statement No. 333-69146 as the same may be hereafter amended, are incorporated by reference into this Registration Statement, with the exception of the Comcast Corporation annual financial statements for the year ended December 31, 2001 and Independent Auditors' Report which are included as Exhibit 99.1 herein.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 8. Exhibits

Exhibit Number	Exhibit
4.1	Comcast Corporation 1996 Stock Option Plan (as amended and restated, effective April 29, 2002).
5.1	Opinion of Pepper Hamilton LLP.
23.1	Consent of Deloitte & Touche LLP.
23.2	Consent of Pepper Hamilton LLP (included in Exhibit 5.1 hereto).
24.1	Power of Attorney (included on signature page).
99.1	Comcast Corporation annual financial statements for the year ended December 31, 2001 and Independent Auditors' Report.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Philadelphia, Pennsylvania, on September 9, 2002.

COMCAST CORPORATION

By: /s/ Lawrence J. Salva

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

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each individual whose signature appears below constitutes and appoints Ralph J. Roberts, Brian L. Roberts, John R. Alchin, Stanley Wang, Lawrence J. Salva and Arthur R. Block, and each or any of them, his/her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him/her and in his/her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he/she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their, his/her substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the date indicated.

Signature	Title	Date
/s/ Ralph J. Roberts ----- Ralph J. Roberts	Chairman of the Board of Directors; Director	September 9, 2002
/s/ Julian A. Brodsky ----- Julian A. Brodsky	Vice Chairman of the Board of Directors; Director	September 9, 2002
/s/ Brian L. Roberts ----- Brian L. Roberts	President; Director (Principal Executive Officer)	September 9, 2002
/s/ John R. Alchin ----- John R. Alchin	Executive Vice President; Treasurer (Co-Principal Financial Officer)	September 9, 2002
/s/ Lawrence S. Smith ----- Lawrence S. Smith	Executive Vice President (Co-Principal Financial Officer)	September 9, 2002

/s/ Lawrence J. Salva ----- Lawrence J. Salva	Senior Vice President (Principal Accounting Officer)	September 9, 2002
/s/ Decker Anstrom ----- Decker Anstrom	Director	September 9, 2002
/s/ Sheldon M. Bonovitz ----- Sheldon M. Bonovitz	Director	September 9, 2002
/s/ Joseph L. Castle II ----- Joseph L. Castle II	Director	September 9, 2002
_____ Felix G. Rohatyn	Director	
/s/ Bernard C. Watson ----- Bernard C. Watson	Director	September 9, 2002
/s/ Irving A. Wechsler ----- Irving A. Wechsler	Director	September 9, 2002
_____ Anne Wexler	Director	

INDEX TO EXHIBITS

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COMCAST CORPORATION

1996 STOCK OPTION PLAN

(As Amended and Restated, Effective April 29, 2002)

1. Purpose of Plan

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

2. Definitions

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

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

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

(d) "Cause" means:

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

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

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

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

(g) "Comcast Plan" means any restricted stock, stock bonus, stock option or other compensation plan, program or arrangement established or maintained by the Company or an Affiliate, including but not limited to this Plan, the Comcast Corporation 1997 Deferred Stock Option Plan, the Comcast Corporation 1990 Restricted Stock Plan and the Comcast Corporation 1987 Stock Option Plan.

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

(i) "Common Stock" means:

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

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

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

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

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

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

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

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

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

(q) "Incentive Stock Option" means an Option granted under the Plan, designated by the Committee at the time of such grant as an Incentive Stock Option within the meaning of section 422 of the Code and containing the terms specified herein for Incentive Stock Options; provided, however, that to the extent an Option granted under the Plan and designated

by the Committee at the time of grant as an Incentive Stock Option fails to satisfy the requirements for an incentive stock option under section 422 of the Code for any reason, such Option shall be treated as a Non-Qualified Option.

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

(s) "Non-Qualified Option" means:

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

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

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

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

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

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

(ii) the sum of:

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

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

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

(d) the number of Shares owned by such Optionee as to which evidence of ownership has, within the

preceding six months, been provided to the Company in connection with the crediting of "Deferred Stock Units" to such Optionee's Account under the Comcast Corporation 1997 Deferred Stock Option Plan.

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

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

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

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

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

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

(i) Brian L. Roberts;

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

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

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

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

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

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

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

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

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

(i) the liquidation of the Sponsor; or

(ii) a Change of Control.

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

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

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

3. Rights To Be Granted

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

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

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

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

In addition, rights that may be granted under the Plan shall include Incentive Stock Options or Non-Qualified Options to purchase a specified number of Shares of the Sponsor's Class A Special Common Stock, par value \$1.00, which shall be automatically converted into Incentive Stock Options or Non-Qualified Options to purchase the same number of Shares of the Sponsor's Class B Common Stock, par value \$1.00, upon and subject to the approval by the Sponsor's shareholders of the amendment to the Plan adopted by the Board on October 5, 2000 to make the

Sponsor's Class B Common Stock, par value \$1.00 available for the grant of Options under the Plan.

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

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

4. Shares Subject to Plan

Subject to adjustment as provided in Paragraph 11, not more than 75,000,000 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 (i) the Optionee is not an employee of a Company on the Date of Grant or (ii) the only Company by which the Optionee is employed on the Date of Grant is an entity described in Paragraph 2(dd)(ii).

7. Option Documents and Terms - In General

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

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

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

(c) Restrictions on Transferability. No Option granted under this Paragraph 7 shall be transferable otherwise than by will or the laws of descent and distribution and, during the lifetime of the Optionee, shall be exercisable only by him or for his benefit by his attorney-in-fact or guardian; provided that the Committee may, in its discretion, at the time of

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

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

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

(f) Termination of Employment. For purposes of the Plan, a transfer of an employee between two employers, each of which is a Company, shall not be deemed a termination of employment. For purposes of Paragraph 7(g), an Optionee's termination of employment shall be deemed to occur on the date an Optionee ceases to have a regular obligation

to perform services for a Company, without regard to whether (i) the Optionee continues on the Company's payroll for regular, severance or other pay or (ii) the Optionee continues to participate in one or more health and welfare plans maintained by the Company on the same basis as active employees. Whether an Optionee ceases to have a regular obligation to perform services for a Company shall be determined by the Committee in its sole discretion. Notwithstanding the foregoing, if an Optionee is a party to an employment agreement or severance agreement with a Company which establishes the effective date of such Optionee's termination of employment for purposes of this Paragraph 7(g), that date shall apply.

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

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

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

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

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

(j) Type of Shares. Each Option granted under this Paragraph 7 to an employee of a Company shall be an Option to purchase Shares of the Company's Class A Special Common Stock, par value, \$1.00, except for (i) any Option specifically designated at the time of grant as an Option to purchase Shares of the Company's Class B Common Stock, par value, \$1.00, or (ii) any Option specifically designated at the time of grant as an Option to purchase Shares of the Company's Class A Special Common Stock, par value, \$1.00, that will automatically convert to an Option to purchase Shares of the Company's Class B Special Common Stock, par value, \$1.00, upon and subject to the approval by the Sponsor's shareholders of the amendment to the Plan adopted by the Board on October 5, 2000 to make the Sponsor's Class B Common Stock, par value \$1.00 available for the grant of Options under the Plan.

8. Option Documents and Terms - Non-Employee Directors

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

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

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

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

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

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

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

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

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

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

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

(ii) In the event that an Optionee terminates service as a Non-Employee Director due to the Disability, death or Mandatory Retirement of the Optionee, any Option held by such Optionee and which is then exercisable shall continue to be exercisable by the Optionee or, in the case of the Optionee's death, by the person to whom the rights of the Optionee shall have passed by will or by the laws of descent and distribution until the day before the fifth anniversary of the Date of Grant.

(iii) In the event that an Optionee's service as a Non-Employee Director is terminated for Cause, each unexercised Option shall terminate and cease to be exercisable; provided further, that in such event, in addition to immediate termination of

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

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

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

9. Limitation on Exercise of Incentive Stock Options

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

10. Rights as Shareholders

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

11. Changes in Capitalization

(a) Except as provided in Paragraph 11(b), in the event that Shares are changed into or exchanged for a different number or kind of shares of stock or other securities of the Sponsor, whether through merger, consolidation, reorganization, recapitalization, stock dividend, stock split-up or other substitution of securities of the Sponsor, the Board shall make

appropriate equitable anti-dilution adjustments to the number and class of shares of stock available for issuance under the Plan, and subject to outstanding Options, and to the option prices and the amounts payable pursuant to any Cash Rights. Any reference to the option price in the Plan and in option documents shall be a reference to the option price as so adjusted. Any reference to the term "Shares" in the Plan and in option documents shall be a reference to the appropriate number and class of shares of stock available for issuance under the Plan, as adjusted pursuant to this Paragraph 11. The Board's adjustment shall be effective and binding for all purposes of this Plan.

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

12. Terminating Events

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

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

13. Interpretation

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

14. Amendments

The Board or the Committee may amend the Plan from time to time in such manner as it may deem advisable. Nevertheless, neither the Board nor the Committee may, without obtaining approval within twelve months before or after such action by such vote of shareholders as may be required by Pennsylvania law for any action requiring shareholder

approval, or by a majority of votes cast at a duly held shareholders' meeting at which a majority of all voting stock is present and voting on such amendment, either in person or in proxy (but not, in any event, less than the vote required pursuant to Rule 16b-3(b) under the 1934 Act) change the class of individuals eligible to receive an Incentive Stock Option, extend the expiration date of the Plan, decrease the minimum option price of an Incentive Stock Option granted under the Plan or increase the maximum number of shares as to which Options may be granted, except as provided in Paragraph 11 hereof. In addition, the provisions of Paragraph 8 that determine (i) which directors shall be granted Options; (ii) the number of Shares subject to Options; (iii) the option price of Shares subject to Options; and (iv) the timing of grants of Options shall not be amended more than once every six months, other than to comport with changes in the Code or the Employee Retirement Income Security Act of 1974, as amended, if applicable. No outstanding Option shall be affected by any such amendment without the written consent of the Optionee or other person then entitled to exercise such Option.

15. Securities Law

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

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

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

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

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

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

(c) Delay of Exercise Pending Registration of Securities. Notwithstanding any provision in the Plan or an option document to the contrary, if the Committee determines, in its sole discretion, that issuance of Shares pursuant to the exercise of an Option should be delayed pending registration or qualification under federal or state securities

laws or the receipt of a legal opinion that an appropriate exemption from the application of federal or state securities laws is available, the Committee may defer exercise of any Option until such Shares are appropriately registered or qualified or an appropriate legal opinion has been received, as applicable.

16. Withholding of Taxes on Exercise of Option

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

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

(c) Except as otherwise provided in this Paragraph 16(c), any tax liabilities incurred in connection with the exercise of an Incentive Stock Option under the Plan shall be satisfied by the Optionee's payment to the Sponsor in cash all of the taxes to be withheld upon exercise of the Incentive Stock Option. Notwithstanding the foregoing, the Committee may permit an Optionee to elect to have the Sponsor withhold a portion of the Shares underlying the Incentive Stock Option exercised having a Fair Market Value approximately equal to the

minimum amount of taxes required to be withheld by the Sponsor under applicable law. Any election pursuant to this Paragraph 16(c) must be in writing made prior to the date specified by the Committee, and in any event prior to the date the amount of tax to be withheld or paid is determined. An election pursuant to this Paragraph 16(c) may be made only by an Optionee or, in the event of the Optionee's death, by the Optionee's legal representative. No Shares withheld pursuant to this Paragraph 16(c) shall be available for subsequent grants under the Plan. The Committee may add such other requirements and limitations regarding elections pursuant to this Paragraph 16(c) as it deems appropriate.

17. Effective Date and Term of Plan

This amendment and restatement of the Plan is effective as of April 29, 2002. The Plan shall expire no later than March 13, 2006, the tenth anniversary of the date the Plan was initially adopted by the Board, unless sooner terminated by the Board.

18. General

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

Executed as of the 29th day of April, 2002.

COMCAST CORPORATION

By: /s/ Stanley Wang

Attest: /s/ Arthur Block

Pepper Hamilton LLP
Attorneys at Law
3000 Two Logan Square
Eighteenth and Arch Streets
Philadelphia, PA 19103-2799
215.981.4000
Fax 215.981.4750

September 9, 2002

Comcast Corporation
1500 Market Street
Philadelphia, PA 19102-2148

Re: Comcast Corporation
Registration Statement on Form S-8

Ladies and Gentlemen:

Reference is made to a Registration Statement on Form S-8 of Comcast Corporation (the "Company") which is being filed with the Securities and Exchange Commission on the date hereof (the "Registration Statement"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Registration Statement.

The Registration Statement covers 25,000,000 shares of the Company's Class A Special Common Stock, par value \$1.00 per share (the "Shares"), which may be issued pursuant to the Comcast Corporation 1996 Stock Option Plan, as amended and restated, effective April 29, 2002 (the "Plan").

We have examined the Registration Statement, including the exhibits thereto, the Company's Articles of Incorporation, as amended, the Company's By-laws, the Plan and such documents as we have deemed appropriate in rendering this opinion. In our examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the authenticity of all documents submitted to us as copies of originals.

Based on the foregoing, we are of the opinion that the Shares, when issued and paid for in accordance with the terms of the Plan, will be validly issued, fully paid and non-assessable.

Our opinion is limited to the Business Corporation Law of the Commonwealth of Pennsylvania, as amended, including the statutory provisions and all applicable provisions of the Constitution of the Commonwealth of Pennsylvania and reported judicial decisions interpreting these laws, and the federal securities laws, each as in effect on the date hereof.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement. In giving this consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the rules or regulations of the Securities and Exchange Commission thereunder.

Very truly yours,

/s/ PEPPER HAMILTON LLP

PEPPER HAMILTON LLP

INDEPENDENT AUDITORS' CONSENT

We consent to the use in this Registration Statement of Comcast Corporation on Form S-8 of our report dated February 5, 2002 (July 30, 2002 as to Note 14) (which report expresses an unqualified opinion and includes an explanatory paragraph related to the adoption of Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended, effective January 1, 2001), appearing in Exhibit 99.1 to this Registration Statement. We also consent to the incorporation by reference in this Registration Statement of our report dated February 5, 2002 on the financial statement schedule appearing in the Annual Report on Form 10-K of Comcast Corporation for the year ended December 31, 2001.

/s/ Deloitte & Touche

Philadelphia, Pennsylvania
September 6, 2002

INDEPENDENT AUDITORS' REPORT

Board of Directors and Stockholders
Comcast Corporation
Philadelphia, Pennsylvania

We have audited the accompanying consolidated balance sheet of Comcast Corporation and its subsidiaries (the "Company") as of December 31, 2001 and 2000, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Comcast Corporation and its subsidiaries as of December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Notes 2 and 3 to the consolidated financial statements, the Company adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended, effective January 1, 2001.

Deloitte & Touche LLP

Philadelphia, Pennsylvania
February 5, 2002 (July 30, 2002 as to Note 14)

COMCAST CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

	December 31,	
	2001	2000
	(Dollars in millions, except share data)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 350.0	\$ 651.5
Investments	2,623.2	3,059.7
Accounts receivable, less allowance for doubtful accounts of \$153.9 and \$141.7	967.4	891.9
Inventories, net	454.5	438.5
Other current assets	153.7	102.8
	-----	-----
Total current assets	4,548.8	5,144.4
	-----	-----
INVESTMENTS	1,679.2	2,661.9
	-----	-----
PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$2,725.7 and \$1,873.1	7,011.1	5,519.9
	-----	-----
INTANGIBLE ASSETS		
Goodwill	7,507.3	6,945.1
Cable franchise operating rights	20,167.8	17,545.5
Other intangible assets	2,833.4	1,485.6
	-----	-----
	30,508.5	25,976.2
Accumulated amortization	(5,999.2)	(3,908.7)
	-----	-----
	24,509.3	22,067.5
	-----	-----
OTHER NONCURRENT ASSETS, net	383.4	350.8
	-----	-----
	\$ 38,131.8	\$ 35,744.5
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 698.2	\$ 813.2
Accrued expenses and other current liabilities	1,695.5	1,576.5
Deferred income taxes.....	275.4	789.9
Current portion of long-term debt	460.2	293.9
	-----	-----
Total current liabilities	3,129.3	3,473.5
	-----	-----
LONG-TERM DEBT, less current portion	11,741.6	10,517.4
	-----	-----
DEFERRED INCOME TAXES	6,375.7	5,786.7
	-----	-----
OTHER NONCURRENT LIABILITIES	1,532.0	1,108.6
	-----	-----
MINORITY INTEREST	880.2	717.3
	-----	-----
COMMITMENTS AND CONTINGENCIES (NOTE 11)		
COMMON EQUITY PUT OPTIONS		54.6
	-----	-----
STOCKHOLDERS' EQUITY		
Preferred stock -- authorized, 20,000,000 shares 5.25% series B mandatorily redeemable convertible, \$1,000 par value; issued, zero and 59,450 at redemption value		59.5
Class A special common stock, \$1 par value -- authorized, 2,500,000,000 shares; issued, 937,256,465 and 931,340,103; outstanding, 913,931,554 and 908,015,192	913.9	908.0
Class A common stock, \$1 par value -- authorized, 200,000,000 shares; issued, 21,829,422 and 21,832,250.	21.8	21.8
Class B common stock, \$1 par value -- authorized, 50,000,000 shares; issued, 9,444,375.	9.4	9.4
Additional capital	11,752.0	11,598.8
Retained earnings	1,631.5	1,056.5
Accumulated other comprehensive income	144.4	432.4
	-----	-----
Total stockholders' equity	14,473.0	14,086.4
	-----	-----
	\$ 38,131.8	\$ 35,744.5
	=====	=====

See notes to consolidated financial statements.

COMCAST CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS

	Year Ended December 31,		
	2001	2000	1999
	(Amounts in millions, except per share data)		
REVENUES			
Service revenues	\$ 5,756.9	\$ 4,682.7	\$3,361.8
Net sales from electronic retailing	3,917.3	3,535.9	3,167.4
	9,674.2	8,218.6	6,529.2
COSTS AND EXPENSES			
Operating (excluding depreciation)	2,905.8	2,212.5	1,663.1
Cost of goods sold from electronic retailing (excluding depreciation)	2,514.0	2,284.9	2,060.0
Selling, general and administrative	1,552.6	1,250.9	926.1
Depreciation	1,141.8	837.3	572.0
Amortization	2,306.2	1,794.0	644.0
	10,420.4	8,379.6	5,865.2
OPERATING INCOME (LOSS)	(746.2)	(161.0)	664.0
OTHER INCOME (EXPENSE)			
Interest expense	(731.8)	(691.4)	(538.3)
Investment income	1,061.7	983.9	629.5
Income (expense) related to indexed debt		666.0	(666.0)
Equity in net income (losses) of affiliates	(28.5)	(21.3)	1.4
Other income	1,301.0	2,825.5	1,409.4
	1,602.4	3,762.7	836.0
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES, MINORITY INTEREST, EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	856.2	3,601.7	1,500.0
INCOME TAX EXPENSE	(470.2)	(1,441.3)	(723.7)
INCOME FROM CONTINUING OPERATIONS BEFORE MINORITY INTEREST, EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	386.0	2,160.4	776.3
MINORITY INTEREST	(160.4)	(115.3)	4.6
INCOME FROM CONTINUING OPERATIONS BEFORE EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	225.6	2,045.1	780.9
GAIN FROM DISCONTINUED OPERATIONS, net of income tax expense of \$166.1			335.8
INCOME BEFORE EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	225.6	2,045.1	1,116.7
EXTRAORDINARY ITEMS	(1.5)	(23.6)	(51.0)
CUMULATIVE EFFECT OF ACCOUNTING CHANGE	384.5		
NET INCOME	608.6	2,021.5	1,065.7
PREFERRED DIVIDENDS		(23.5)	(29.7)
NET INCOME FOR COMMON STOCKHOLDERS	\$ 608.6	\$ 1,998.0	\$1,036.0
BASIC EARNINGS (LOSS) FOR COMMON STOCKHOLDERS PER COMMON SHARE			
Income from continuing operations before extraordinary items and cumulative effect of accounting change	\$ 0.24	\$ 2.27	\$ 1.00
Discontinued operations			0.45
Extraordinary items		(0.03)	(0.07)
Cumulative effect of accounting change	0.40		
Net income	\$ 0.64	\$ 2.24	\$ 1.38
BASIC WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	949.7	890.7	749.1
DILUTED EARNINGS (LOSS) FOR COMMON STOCKHOLDERS PER COMMON SHARE			
Income from continuing operations before extraordinary items and cumulative effect of accounting change	\$ 0.23	\$ 2.16	\$ 0.95
Discontinued operations			0.41
Extraordinary items		(0.03)	(0.06)
Cumulative effect of accounting change	0.40		
Net income	\$ 0.63	\$ 2.13	\$ 1.30
DILUTED WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	964.5	948.7	819.9

See notes to consolidated financial statements.

COMCAST CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended December 31,		
	2001	2000	1999
	(Dollars in millions)		
OPERATING ACTIVITIES			
Net income	\$ 608.6	\$ 2,021.5	\$ 1,065.7
Adjustments to reconcile net income to net cash provided by operating activities from continuing operations:			
Depreciation	1,141.8	837.3	572.0
Amortization	2,306.2	1,794.0	644.0
Non-cash interest (income) expense, net	40.2	(22.6)	(27.8)
Non-cash (income) expense related to indexed debt		(666.0)	666.0
Equity in net (income) losses of affiliates	28.5	21.3	(1.4)
Gains on investments and other income, net	(2,303.3)	(3,679.3)	(1,917.0)
Minority interest	160.4	115.3	(4.6)
Discontinued operations			(335.8)
Extraordinary items	1.5	23.6	51.0
Cumulative effect of accounting change	(384.5)		
Deferred income taxes	(240.7)	1,074.6	(73.4)
Other	23.6	51.2	41.5
	1,382.3	1,570.9	680.2
Changes in working capital, net of effects of acquisitions and divestitures			
Increase in accounts receivable, net	(15.8)	(195.8)	(89.5)
Increase in inventories, net	(16.0)	(35.7)	(91.9)
(Increase) decrease in other current assets	(27.1)	13.7	30.7
(Decrease) increase in accounts payable, accrued expenses and other current liabilities	(93.9)	(133.8)	719.9
	(152.8)	(351.6)	569.2
Net cash provided by operating activities from continuing operations	1,229.5	1,219.3	1,249.4
FINANCING ACTIVITIES			
Proceeds from borrowings	5,686.4	5,435.3	2,786.6
Retirements and repayments of debt	(4,187.7)	(5,356.5)	(1,368.2)
Issuances of common stock and sales of put options on common stock	27.2	30.5	17.1
Repurchases of common stock	(27.1)	(324.9)	(30.7)
Dividends			(9.4)
Deferred financing costs	(22.5)	(55.8)	(51.0)
Other			(3.0)
Net cash provided by (used in) financing activities from continuing operations	1,476.3	(271.4)	1,341.4
INVESTING ACTIVITIES			
Acquisitions, net of cash acquired	(1,329.0)	(187.3)	(755.2)
Proceeds from liquidated damages, net			1,460.0
Proceeds from sales of (purchases of) short-term investments, net ..	(6.2)	1,028.1	(1,035.5)
Capital contributions to and purchases of investments	(317.0)	(1,010.7)	(2,012.2)
Proceeds from sales of investments	1,172.8	997.3	599.8
Capital expenditures	(2,181.7)	(1,636.8)	(893.8)
Sale of subsidiary, net of cash sold			361.1
Additions to intangible and other noncurrent assets	(346.2)	(409.2)	(263.5)
Net cash used in investing activities from continuing operations	(3,007.3)	(1,218.6)	(2,539.3)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS -- CONTINUING OPERATIONS			
CASH AND CASH EQUIVALENTS, beginning of year	651.5	922.2	870.7
CASH AND CASH EQUIVALENTS, end of year	\$ 350.0	\$ 651.5	\$ 922.2

See notes to consolidated financial statements.

COMCAST CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

	Preferred Stock		Common Stock			Additional Capital
	Series A	Series B	Class A Special	Class A	Class B	
	(Dollars in millions)					
Balance, January 1, 1999	\$ 31.9	\$ 540.7	\$ 698.4	\$ 31.7	\$ 9.4	\$ 2,941.7
Comprehensive income:						
Net income						
Unrealized gains on marketable securities, net of deferred taxes of \$2,891.9						
Reclassification adjustments for gains included in net income, net of deferred taxes of \$161.7						
Cumulative translation adjustments						
Total comprehensive income						
Acquisition			8.5			283.2
Exercise of options			2.2			23.7
Conversion of Series A preferred	(31.9)		2.7			29.2
Retirement of common stock				(0.8)		(4.6)
Cash dividends, Series A preferred						(0.8)
Series B preferred dividends		28.9				(28.9)
Share exchange			4.6	(4.9)		172.3
Temporary equity related to put options						111.2
		569.6	716.4	26.0	9.4	3,527.0
Balance, December 31, 1999						
Comprehensive income:						
Net income:						
Unrealized losses on marketable securities, net of deferred taxes of \$2,789.3						
Reclassification adjustments for gains included in net income, net of deferred taxes of \$266.0						
Cumulative translation adjustments						
Total comprehensive loss						
Acquisitions			155.7			7,585.2
Exercise of options			2.6			53.9
Retirement of common stock			(6.0)	(3.1)		(42.3)
Conversion of Series B preferred		(533.6)	38.3			495.3
Series B preferred dividends		23.5				(23.5)
Share exchange			1.0	(1.1)		44.1
Temporary equity related to put options						(40.9)
		59.5	908.0	21.8	9.4	11,598.8
Balance, December 31, 2000						
Comprehensive income:						
Net income						
Unrealized gains on marketable securities, net income of deferred taxes of \$114.4						
Reclassification adjustments for gains included in net income, net of deferred taxes of \$264.4						
Unrealized losses on effective portion of cash flow hedges, net of deferred taxes of \$0.3						
Cumulative translation adjustments						
Total comprehensive income						
Exercise of options			2.5			53.3
Retirement of common stock			(0.8)			(10.0)
Conversion of Series B preferred		(59.5)	4.2			55.3
Temporary equity related to put options						54.6
Balance, December 31, 2001	\$	\$	\$ 913.9	\$ 21.8	\$ 9.4	\$11,752.0
	=====	=====	=====	=====	=====	=====

	Retained Earnings (Accumulated) Deficit)	Accumulated Other Comprehensive Income (loss)		Total
		Unrealized Gains (Losses)	Cumulative Translation Adjustments	
Balance, January 1, 1999	\$(1,488.2)	\$1,049.5	\$ 0.2	\$ 3,815.3
Comprehensive income:				

Net income	1,065.7			
Unrealized gains on marketable securities, net of deferred taxes of \$2,891.9		5,370.6		
Reclassification adjustments for gains included in net income, net of deferred taxes of \$161.7		(300.3)		
Cumulative translation adjustments			(7.3)	
Total comprehensive income				6,128.7
Acquisition				291.7
Exercise of options				25.9
Conversion of Series A preferred				
Retirement of common stock	(25.3)			(30.7)
Cash dividends, Series A preferred				(0.8)
Series B preferred dividends				
Share exchange	(172.0)			
Temporary equity related to put options				111.2
	-----	-----	-----	-----
	(619.8)	6,119.8	(7.1)	10,341.3
Balance, December 31, 1999				
Comprehensive income:				
Net income:	2,021.5			
Unrealized losses on marketable securities, net of deferred taxes of \$2,789.3		(5,180.1)		
Reclassification adjustments for gains included in net income, net of deferred taxes of \$266.0		(494.0)		
Cumulative translation adjustments			(6.2)	
Total comprehensive loss				(3,658.8)
Acquisitions				7,740.9
Exercise of options	(27.7)			28.8
Retirement of common stock	(273.5)			(324.9)
Conversion of Series B preferred				
Series B preferred dividends				
Share exchange	(44.0)			
Temporary equity related to put options				(40.9)
	-----	-----	-----	-----
Balance, December 31, 2000	1,056.5	445.7	(13.3)	14,086.4
Comprehensive income:				
Net income	608.6			
Unrealized gains on marketable securities, net income of deferred taxes of \$114.4		212.5		
Reclassification adjustments for gains included in net income, net of deferred taxes of \$264.4		(491.1)		
Unrealized losses on effective portion of cash flow hedges, net of deferred taxes of \$0.3		(0.6)		
Cumulative translation adjustments			(8.8)	
Total comprehensive income				320.6
Exercise of options	(17.3)			38.5
Retirement of common stock	(16.3)			(27.1)
Conversion of Series B preferred				
Temporary equity related to put options				54.6
	-----	-----	-----	-----
Balance, December 31, 2001	\$ 1,631.5	\$ 166.5	\$(22.1)	\$14,473.0
	=====	=====	=====	=====

See notes to consolidated financial statements.

COMCAST CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2001, 2000 and 1999

1 Business

Comcast Corporation and its subsidiaries (the "Company") is involved in three principal lines of business: cable, commerce and content.

The Company's cable business is principally involved in the development, management and operation of broadband communications networks in the United States ("US"). The Company's consolidated cable operations served approximately 8.5 million subscribers and passed approximately 13.9 million homes as of December 31, 2001.

The Company's commerce operations consist of the Company's consolidated subsidiary, QVC, Inc. and subsidiaries ("QVC"). Through QVC, an electronic retailer, the Company markets a wide variety of products directly to consumers primarily on merchandise-focused television programs. QVC was available, on a full and part-time basis, to approximately 82.1 million homes in the US, approximately 9.5 million homes in the United Kingdom ("UK"), approximately 23.6 million homes in Germany and approximately 3.6 million homes in Japan as of December 31, 2001.

Content is provided through the Company's consolidated subsidiaries including Comcast Spectacor, Comcast SportsNet ("CSN"), Comcast SportsNet Mid-Atlantic ("CSN Mid-Atlantic"), Comcast Sports Southeast ("CSS"), E! Entertainment Television, Inc. ("E! Entertainment"), The Golf Channel ("TGC"), Outdoor Life Network ("OLN") and G4 Media, LLC ("G4 Media"), and through other programming investments (see Note 5).

The Company's cable and commerce operations represent the Company's two reportable segments under accounting principles generally accepted in the United States. The Company's three 24-hour regional sports programming networks, which consist of CSN, CSN Mid-Atlantic and CSS, derive a substantial portion of their revenues from the Company's cable operations. In 2001, as a result of a change in its internal reporting structure, the Company's regional sports programming networks are included in the Company's cable segment for all periods presented. See Note 12 for a summary of the Company's financial data by business segment.

2. Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and all entities that the Company directly or indirectly controls. All significant intercompany accounts and transactions among consolidated entities have been eliminated.

Management's Use of Estimates

The Company prepares its financial statements in conformity with accounting principles generally accepted in the United States which require management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates. Estimates are used when accounting for certain items such as sales returns and allowances, allowances for doubtful accounts, reserves for inventory obsolescence, investments and derivative financial instruments, depreciation and amortization, asset impairment, non-monetary transactions and contingencies.

Fair Values

The Company has determined the estimated fair value amounts presented in these consolidated financial statements using available market information and appropriate methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. The

COMCAST CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2001, 2000 and 1999 (Continued)

estimates presented in these consolidated financial statements are not necessarily indicative of the amounts that the Company could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts. The Company based these fair value estimates on pertinent information available to management as of December 31, 2001 and 2000. The Company has not comprehensively updated these fair value estimates for purposes of these consolidated financial statements since such dates.

Cash Equivalents

Cash equivalents consist principally of commercial paper, money market funds, US Government obligations and certificates of deposit with maturities of three months or less when purchased. The carrying amounts of the Company's cash equivalents approximate their fair values.

Inventories --- Electronic Retailing

Inventories are stated at the lower of cost or market. Cost is determined by the average cost method, which approximates the first-in, first-out method.

Investments

Investments consist principally of equity securities.

Investments in entities in which the Company has the ability to exercise significant influence over the operating and financial policies of the investee are accounted for under the equity method. Equity method investments are recorded at original cost and adjusted periodically to recognize the Company's proportionate share of the investees' net income or losses after the date of investment, additional contributions made and dividends received. The differences between the Company's recorded investments and its proportionate interests in the book value of the investees' net assets are being amortized to equity in net income or loss, primarily over a period of 20 years, which is consistent with the estimated lives of the underlying assets.

Unrestricted publicly traded investments are classified as available for sale or trading securities and recorded at their fair value. Unrealized gains or losses resulting from changes in fair value between measurement dates for available for sale securities are recorded as a component of other comprehensive income. Unrealized gains or losses resulting from changes in fair value between measurement dates for trading securities are recorded as a component of investment income.

Restricted publicly traded investments and investments in privately held companies are stated at cost, adjusted for any known diminution in value (see Note 6).

Property and Equipment

The Company records property and equipment at cost. Depreciation is provided by the straight-line method over estimated useful lives as follows:

Buildings and improvements	4 - 40 years
Operating facilities	2 - 12 years
Other equipment	2 - 15 years

The Company capitalizes improvements that extend asset lives and expenses other repairs and maintenance charges as incurred. The cost and related accumulated depreciation applicable to assets sold

COMCAST CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2001, 2000 and 1999 (Continued)

or retired are removed from the accounts and the gain or loss on disposition is recognized as a component of depreciation expense.

The Company capitalizes the costs associated with the construction of cable transmission and distribution facilities and new cable service installations. Costs include all direct labor and materials, as well as certain indirect costs.

Intangible Assets

Goodwill is the excess of the acquisition cost of an acquired entity over the fair value of the identifiable net assets acquired. The Company amortizes goodwill over estimated useful lives ranging principally from 20 to 30 years.

Cable franchise operating rights represent the value attributed to agreements with local authorities that allow access to homes in cable service areas acquired in connection with a business combination. The Company capitalizes these contractual rights and amortizes them over the term of the related franchise agreements. Costs incurred by the Company in negotiating and renewing franchise agreements are included in other intangible assets and are amortized on a straight-line basis over the term of the franchise renewal period, generally 10 to 15 years.

Other intangible assets consist principally of cable and satellite television distribution rights, cable system franchise renewal costs, contractual operating rights, computer software, programming costs and rights, license acquisition costs and non-competition agreements. The Company capitalizes these costs and amortizes them on a straight-line basis over the term of the related agreements or estimated useful life.

Certain of the Company's content subsidiaries and QVC have entered into multi-year affiliation agreements with various cable and satellite system operators for carriage of their respective programming. The Company capitalizes cable or satellite distribution rights and amortizes them on a straight-line basis over the term of the related distribution agreements of 5 to 15 years.

See Note 3 for a discussion of the expected impact of adoption of Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations" ("SFAS No. 141") and SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142").

Valuation of Long-Lived Assets

The Company periodically evaluates the recoverability of its long-lived assets, including property and equipment and intangible assets, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Such evaluations include analyses based on the cash flows generated by the underlying assets, profitability information, including estimated future operating results, trends or other determinants of fair value. If the total of the expected future undiscounted cash flows is less than the carrying amount of the asset, a loss is recognized for the difference between the fair value and the carrying value of the asset. Unless presented separately, the loss is included as a component of either depreciation expense or amortization expense, as appropriate.

Foreign Currency Translation

The Company translates assets and liabilities of its foreign subsidiaries, where the functional currency is the local currency, into US dollars at the December 31 exchange rate and records the related translation adjustments as a component of other comprehensive income. The Company translates revenues and expenses using average exchange rates prevailing during the year. Foreign currency transaction gains and losses are included in other income (expense).

COMCAST CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2001, 2000 and 1999 (Continued)

Revenue Recognition

The Company recognizes video, high-speed Internet, and programming revenues as service is provided. The Company manages credit risk by disconnecting services to cable and high-speed Internet customers who are delinquent. The Company recognizes advertising sales revenue at estimated realizable values when the advertising is aired. Revenues derived from other sources are recognized when services are provided or events occur.

The Company recognizes net sales from electronic retailing at the time of shipment to customers. The Company classifies all amounts billed to a customer for shipping and handling within net sales from electronic retailing. The Company's policy is to allow customers to return merchandise for up to thirty days after date of shipment. An allowance for returned merchandise is provided as a percentage of sales based on historical experience.

See Note 3 for a discussion of the expected impact of adoption of Emerging Issues Task Force ("EITF") 01-9, "Accounting for Consideration Given to a Customer (Including a Reseller of the Vendor's Products)" ("EITF 01-9") and EITF 01-14, "Income Statement Characterization of Reimbursements Received for 'Out-of-Pocket' Expenses Incurred" ("EITF 01-14").

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations, as permitted by SFAS No. 123, "Accounting for Stock-Based Compensation." Compensation expense for stock options is measured as the excess, if any, of the quoted market price of the Company's stock at the date of the grant over the amount an employee must pay to acquire the stock. The Company records compensation expense for restricted stock awards based on the quoted market price of the Company's stock at the date of the grant and the vesting period. The Company records compensation expense for stock appreciation rights based on the changes in quoted market prices of the Company's stock or other determinants of fair value at the end of the year (see Note 8).

Postretirement and Postemployment Benefits

The Company charges to operations the estimated costs of retiree benefits and benefits for former or inactive employees, after employment but before retirement, during the years the employees provide services.

Investment Income

Investment income includes interest income, dividend income and gains, net of losses, on the sales and exchanges of marketable securities and long-term investments. The Company recognizes gross realized gains and losses using the specific identification method. Investment income also includes unrealized gains or losses on trading securities, mark to market adjustments on derivatives and hedged items, and impairment losses resulting from adjustments to the net realizable value of certain of the Company's investments (see Note 6).

Income Taxes

The Company recognizes deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities and expected benefits of utilizing net operating loss carryforwards. The impact on deferred taxes of changes in tax rates and laws, if

COMCAST CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2001, 2000 and 1999 (Continued)

any, applied to the years during which temporary differences are expected to be settled, are reflected in the consolidated financial statements in the period of enactment (see Note 9).

Derivative Financial Instruments

The Company uses derivative financial instruments for a number of purposes. The Company manages its exposure to fluctuations in interest rates by entering into interest rate exchange agreements ("Swaps"), interest rate cap agreements ("Caps") and interest rate collar agreements ("Collars"). The Company manages the cost of its share repurchases through the sale of equity put option contracts ("Comcast Put Options"). The Company manages its exposure to fluctuations in the value of certain of its investments by entering into equity collar agreements ("Equity Collars") and equity put option agreements ("Equity Put Options"). The Company makes investments in businesses, to some degree, through the purchase of equity call option or call warrant agreements ("Equity Warrants"). The Company has issued indexed debt instruments and entered into prepaid forward sale agreements ("Prepaid Forward Sales") whose value, in part, is derived from the market value of Sprint PCS common stock, and has also sold call options on certain of its investments in equity securities ("Covered Call Options") in order to monetize a portion of those investments.

Prior to the adoption on January 1, 2001 of SFAS No. 133, "Accounting for Derivatives and Hedging Activities," as amended ("SFAS No. 133"), Swaps, Caps and Collars were matched with either fixed or variable rate debt and periodic cash payments were accrued on a settlement basis as an adjustment to interest expense. Any premiums associated with these instruments were amortized over their term and realized gains or losses as a result of the termination of the instruments were deferred and amortized over the remaining term of the underlying debt. Unrealized gains and losses as a result of these instruments were recognized when the underlying hedged item was extinguished or otherwise terminated.

Equity Collars, Equity Put Options and Equity Warrants were marked to market on a current basis with the result included in accumulated other comprehensive income in the Company's consolidated balance sheet. Covered Call Options are marked to market on a current basis with the result included in investment income in the Company's consolidated statement of operations.

On January 1, 2001, the Company adopted SFAS No. 133. SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and hedging activities. SFAS No. 133 requires that all derivative instruments, whether designated in hedging relationships or not, be recorded on the balance sheet at their fair values.

For derivative instruments designated and effective as fair value hedges, such as the Company's Equity Collars, Equity Put Options and Fixed to Variable Swaps, changes in the fair value of the derivative instrument are substantially offset in the consolidated statement of operations by changes in the fair value of the hedged item. For derivative instruments designated as cash flow hedges, such as the Company's Variable to Fixed Swaps, the effective portion of any hedge is reported in other comprehensive income until it is recognized in earnings during the same period in which the hedged item affects earnings. The ineffective portion of all hedges is recognized in current earnings each period. Changes in the fair value of derivative instruments that are not designated as a hedge are recorded each period in current earnings.

When a fair value hedge is terminated, sold, exercised or has expired, the adjustment in the carrying amount of the fair value hedged item is deferred and recognized into earnings when the hedged item is recognized in earnings. When a hedged item is extinguished or sold, the adjustment in the carrying amount of the hedged item is recognized in earnings. When hedged variable rate debt is extinguished, the previously deferred effective portion of the hedge is written off similar to debt extinguishment costs.

COMCAST CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2001, 2000 and 1999 (Continued)

Subsequent to the adoption of SFAS No. 133, Equity Warrants are marked to market on a current basis with the result included in investment income in the Company's consolidated statement of operations.

Subsequent to the adoption of SFAS No. 133, derivative instruments embedded in other contracts, such as the Company's indexed debt instruments and Prepaid Forward Sale, are bifurcated into their host and derivative financial instrument components. The derivative component is recorded at its estimated fair value in the Company's consolidated balance sheet with changes in estimated fair value recorded in investment income.

Proceeds from sales of Comcast Put Options are recorded in stockholders' equity and an amount equal to the redemption price of the common stock is reclassified from permanent equity to temporary equity. Subsequent changes in the market value of Comcast Put Options are not recorded.

The Company periodically examines those instruments that have been entered into by the Company to hedge exposure to interest rate and equity price risks to ensure that the instruments are matched with underlying assets or liabilities, reduce the Company's risks relating to interest rates or equity prices and, through market value and sensitivity analysis, maintain a high correlation to the risk inherent in the hedged item. For those instruments that do not meet the above criteria, variations in their fair value are marked-to-market on a current basis in the Company's consolidated statement of operations.

The Company does not hold or issue any derivative financial instruments for trading purposes and is not a party to leveraged instruments (see Note 7). The Company manages the credit risks associated with its derivative financial instruments through the evaluation and monitoring of the creditworthiness of the counterparties. Although the Company may be exposed to losses in the event of nonperformance by the counterparties, the Company does not expect such losses, if any, to be significant.

See Note 3 for a discussion of the impact of adoption of SFAS No. 133.

Sale of Stock by a Subsidiary or Equity Method Investee

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

Securities Lending Transactions

The Company may enter into securities lending transactions pursuant to which the Company requires the borrower to provide cash collateral equal to the value of the loaned securities, as adjusted for any changes in the value of the underlying loaned securities. Loaned securities for which the Company maintains effective control are included in investments in the Company's consolidated balance sheet.

Reclassifications

Certain reclassifications have been made to the prior years' consolidated financial statements to conform to those classifications used in 2001.

COMCAST CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2001, 2000 and 1999 (Continued)

3. Recent Accounting Pronouncements

SFAS No. 133, as Amended

On January 1, 2001, the Company adopted SFAS No. 133. SFAS No. 133 establishes accounting and reporting standards for derivatives and hedging activities. SFAS No. 133 requires that all derivative instruments be reported on the balance sheet at their fair values.

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

The increase in income consisted of a \$400.2 million adjustment to record the debt component of indexed debt at a discount from its value at maturity (see Note 7) and \$191.3 million principally related to the reclassification of gains previously recognized as a component of accumulated other comprehensive income on the Company's equity derivative instruments, net of related deferred income taxes of \$207.0 million (see Note 9).

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

SFAS No's. 141 and 142

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

The Company adopted SFAS No. 141 on July 1, 2001, as required by the new statement. The adoption of SFAS No. 141 did not have a material impact on the Company's financial condition or results of operations.

The Company adopted SFAS No. 142 on January 1, 2002, as required by the new statement. Upon adoption, the Company will no longer amortize goodwill and other indefinite lived intangible assets, which consist primarily of cable franchise operating rights. The Company will be required to test its goodwill and intangible assets that are determined to have an indefinite life for impairment at least annually. Other than in the period of adoption or in those periods in which the Company may record an asset impairment, the Company expects that the adoption of SFAS No. 142 will result in increased income as a result of reduced amortization expense.

The EITF of the FASB is expected to provide further guidance on certain implementation issues related to the adoption of SFAS No. 142 as it relates to identifiable intangible assets other than goodwill. Subject to further guidance to be provided, based upon the Company's interpretation of SFAS No. 142, the Company may record a charge as a cumulative effect of accounting change, net of related deferred income taxes, in an amount not expected to exceed \$1.5 billion upon adoption of SFAS No. 142 on January 1, 2002.

Based on the Company's preliminary evaluation, the estimated effect of adoption of SFAS No. 142 would have been to decrease amortization expense by approximately \$2.0 billion and to increase deferred income tax expense by approximately \$600 million for the year ended December 31, 2001 (See Note 14).

COMCAST CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2001, 2000 and 1999 (Continued)

SFAS No. 143

The FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations," in June 2001. SFAS No. 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. SFAS No. 143 is effective for fiscal years beginning after June 15, 2002. While the Company is currently evaluating the impact the adoption of SFAS No. 143 will have on its financial condition and results of operations, it does not expect such impact to be material.

SFAS No. 144

The FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," in August 2001. SFAS No. 144, which addresses financial accounting and reporting for the impairment of long-lived assets and for long-lived assets to be disposed of, supercedes SFAS No. 121 and is effective for fiscal years beginning after December 15, 2001. While the Company is currently evaluating the impact the adoption of SFAS No. 144 will have on its financial condition and results of operations, it does not expect such impact to be material.

EITF 01-9

In November 2001, the EITF reached a consensus on EITF 01-9. EITF 01-9 requires, among other things, that consideration paid to customers should be classified as a reduction of revenue unless certain criteria are met. Certain of the Company's content subsidiaries have paid or may pay distribution fees to cable television and satellite broadcast systems for carriage of their programming. The Company currently classifies the amortization of these distribution fees as expense in its consolidated statement of operations. Upon adoption of EITF 01-9 on January 1, 2002, the Company will reclassify certain of these distribution fees from expense to a revenue reduction for all periods presented in its consolidated statement of operations. The change in classification will have no impact on the Company's reported operating loss or financial condition. The effect of the reclassification of cable television and satellite broadcast distribution fees from expense to a reduction of revenue is to decrease the amounts reported in the Company's consolidated statement of operations as follows (in millions):

	Year Ended December 31,		
	2001	2000	1999
Service revenues	\$ 35.8	\$ 17.3	\$ 4.6
Selling, general and administrative expense ...	\$ 4.7	\$ 5.3	\$ 4.2
Amortization expense	\$ 31.1	\$ 12.0	\$ 0.4

EITF 01-14

In November 2001, the FASB staff announced EITF Topic D-103, "Income Statement Characterization of Reimbursements Received for 'Out-of-Pocket' Expenses Incurred," which has subsequently been recharacterized as EITF 01-14. EITF 01-14 requires that reimbursements received for out-of-pocket expenses incurred be characterized as revenue in the statement of operations.

Under the terms of its franchise agreements, the Company is required to pay up to 5% of its gross revenues derived from providing cable services to the local franchising authority. The Company normally passes these fees through to its cable subscribers. The Company currently classifies cable franchise fees collected from its cable subscribers as a reduction of the related franchise fee expense included within selling, general and administrative expenses in its consolidated statement of operations.

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EITF 01-14, by analogy, applies to franchise fees. Upon adoption of EITF 01-14 on January 1, 2002, the Company will reclassify franchise fees collected from cable subscribers from a reduction of selling, general and administrative expenses to a component of service revenues in its consolidated statement of operations. The change in classification will have no impact on the Company's reported operating income (loss) or financial condition. The effect of the reclassification of cable franchise fees is to increase the amounts reported in the Company's consolidated statement of operations as follows (in millions):

	Year Ended December 31,		
	2001	2000	1999
Service revenues	\$ 192.3	\$ 152.3	\$ 105.6
Selling, general and administrative expense	\$ 192.3	\$ 152.3	\$ 105.6

4. Earnings Per Share

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

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

	Year Ended December 31,		
	2001	2000	1999
(Amounts in millions, except per share data)			
Net income for common stockholders	\$ 608.6	\$ 1,998.0	\$ 1,036.0
Preferred dividends		23.5	29.7
Net income for common stockholders used for Diluted EPS	\$ 608.6	\$ 2,021.5	\$ 1,065.7
Basic weighted average number of common shares outstanding	949.7	890.7	749.1
Dilutive securities:			
Series A and B convertible preferred stock	1.0	42.5	44.0
Stock option and restricted stock plans	13.8	15.4	26.8
Put options on Class A Special Common Stock		0.1	
Diluted weighted average number of common shares outstanding	964.5	948.7	819.9
Diluted earnings for common stockholders per common share	\$ 0.63	\$ 2.13	\$ 1.30

Comcast Put Options on a weighted average 0.2 million shares, 1.5 million shares and 2.7 million shares of its Class A Special Common Stock (see Note 8) were outstanding during the years ended December 31, 2001, 2000 and 1999, respectively. Comcast Put Options outstanding during the years ended December 31, 2001 and 1999 were not included in the computation of Diluted EPS as the Comcast Put Options' exercise price was less than the average market price of the Company's Class A Special Common Stock during the periods.

In December 2000 and January 2001, the Company issued \$1.478 billion principal amount at maturity of Zero Coupon Convertible Debentures due 2020 (the "Zero Coupon Debentures" --- see Note 7). The Zero Coupon Debentures may be converted at any time prior to maturity if the closing sale price of the Company's Class A Special Common Stock is greater than 110% of the accreted conversion price (as defined). The Zero Coupon Debentures were excluded from the computation of Diluted EPS in 2001 and

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2000 as the weighted average closing sale price of the Company's Class A Special Common Stock was not greater than 110% of the accreted conversion price.

5. Acquisitions and Other Significant Events

Agreement and Plan of Merger with AT&T Broadband

On December 19, 2001, the Company entered into an Agreement and Plan of Merger with AT&T Corp. ("AT&T") pursuant to which the Company agreed to a transaction which will result in the combination of the Company and a holding company of AT&T's broadband business ("AT&T Broadband") that AT&T will spin off to its shareholders immediately prior to the combination. As of December 31, 2001, AT&T Broadband served approximately 13.6 million subscribers. Under the terms of the transaction, the combined company will issue approximately 1.235 billion shares of its voting common stock to AT&T Broadband shareholders in exchange for all of AT&T's interests in AT&T Broadband, and approximately 115 million shares of its common stock to Microsoft Corporation ("Microsoft") in exchange for AT&T Broadband shares that Microsoft will receive immediately prior to the completion of the transaction for settlement of their \$5 billion aggregate principal amount in quarterly income preferred securities. The combined company will also assume or incur approximately \$20 billion of AT&T Broadband debt. For each share of a class of common stock of Comcast that they hold at the time of the merger, each Comcast shareholder will receive one share of a corresponding class of stock of the combined company. The Company expects that the transaction will qualify as tax-free to both the Company and to AT&T.

The Company will account for the transaction as an acquisition under the purchase method of accounting, with the Company as the acquiring entity. The identification of the Company as the acquiring entity was made after careful consideration of all facts and circumstances, as follows:

Voting Rights in the New Combined Company. Former AT&T shareholders will own approximately 53.7% of the combined company's economic interest and approximately 60.6% of the combined company's voting interest following the merger. Microsoft will own shares representing approximately 5.2% of the combined company's economic interest and 4.95% of the combined company's voting interest following the merger. No individual former AT&T shareholder will have any significant ownership or voting interest following the merger. Brian L. Roberts, the Company's controlling shareholder and President ("Mr. Roberts"), either directly or through his control of a family holding company, will own an approximately 33.34% voting interest in the combined company following the merger (including a 33.33% non-dilutable voting interest through ownership of the Class B common stock of the combined company), and an approximately .8% economic interest. Mr. Roberts will hold the largest minority voting interest in the combined company. The next largest voting interest held by an individual shareholder will be 4.95%, held by Microsoft. Under the governing documents of the combined company, as a result of his ownership of the Class B stock, Mr. Roberts will have the right to approve any merger involving the combined company or any other transaction in which any other person would own more than 10 percent of the stock of the combined company, the right to approve any issuances of Class B stock, and any charter amendments or other actions that would limit the rights of the Class B stock.

Governance Arrangements Relating to the Board of Directors. The initial Board of the combined company will have twelve members, five of whom will be designated by the Company from its existing Board, five of whom will be designated by AT&T from its existing Board, and two of whom will be jointly designated by the Company and AT&T and will be independent persons. Except for pre-approved designees, the individuals designated by each of the Company and AT&T will be mutually agreed upon by the Company and AT&T. Pursuant to the terms of the merger agreement,

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existing Company directors Ralph J. Roberts, Mr. Roberts, Sheldon M. Bonovitz, Julian A. Brodsky and Decker Anstrom have been pre-approved as Company director designees of the combined company and existing AT&T director and Chairman C. Michael Armstrong ("Mr. Armstrong") is the sole pre-approved AT&T director designee. The remaining four AT&T designees are subject to the approval of the Company. All of the initial director designees will hold office until the 2004 annual meeting of the combined company shareholders. After this initial term, the entire Board will be elected annually. During the period before the 2004 annual meeting, Mr. Roberts will be the chairman of the Board committee that nominates the slate of directors for the combined company (the "Directors Nominating Committee") if he is the Chairman or the CEO of the combined company. The remaining four members of the Directors Nominating Committee will consist of one director designee who is an independent director selected by the Company's director designees, and three independent directors selected by the Company's director designees from the AT&T director designees and the Company/AT&T joint director designees. Since the initial director designees will hold office until the 2004 annual meeting, the Directors Nominating Committee would be expected to act only in order to fill vacancies that may occur in director positions prior to that meeting. After the 2004 annual meeting of shareholders, Mr. Roberts will continue to be the chairman of the Directors Nominating Committee of the combined company. The remaining four members of the Directors Nominating Committee will be selected by Mr. Roberts from among the combined company's independent directors. Nominations of the Directors Nominating Committee will be submitted directly to the shareholders without any requirement of Board approval or ratification.

Governance Arrangements Relating to Management. The combined company will have an Office of the Chairman, comprised of the Chairman of the Board and the CEO, from the closing of the merger until the earlier to occur of: (i) the 2005 annual meeting of the shareholders, and (ii) the date on which Mr. Armstrong ceases to be Chairman of the Board. The Office of the Chairman will be the combined company's principal executive deliberative body with responsibility for corporate strategy, policy and direction, governmental affairs and other significant matters. While the Office of the Chairman is in effect, the Chairman of the Board and the CEO will advise and consult with each other with respect to those matters. Mr. Armstrong, AT&T's Chairman of the Board, will be Chairman of the Board of the combined company. Mr. Armstrong will serve as Chairman of the Board until the 2005 annual meeting of shareholders, but he will serve as non-executive Chairman of the Board after April 1, 2004 and until the 2005 annual meeting of AT&T Comcast shareholders. After the 2005 annual meeting of shareholders, or if Mr. Armstrong ceases to serve as Chairman of the Board prior to that date, Mr. Roberts will become the Chairman of the Board of the combined company. Removal of the Chairman of the Board will require the vote of at least 75% of the entire Board until the earlier to occur of: (i) the date on which neither Mr. Armstrong nor Mr. Roberts is Chairman of the Board, and (ii) the sixth anniversary of the 2004 annual meeting of shareholders. Mr. Roberts will be the CEO of the combined company. Mr. Roberts will also be President of the combined company for as long as he is the CEO. The CEO's powers and responsibilities will include: (i) the supervision and management of the combined company's business and operations, (ii) all matters related to officers and employees, including hiring and termination, (iii) all rights and powers typically exercised by the chief executive officer and president of a corporation, and (iv) the authority to call special meetings of the combined company Board. Removal of Mr. Roberts as CEO will require the vote of at least 75% of the entire Board until the earlier to occur of: (i) the date on which Mr. Roberts ceases to be CEO, and (ii) the sixth anniversary of the 2004 annual meeting of the combined company shareholders. Under the terms of the merger agreement, Mr. Roberts has the right to fill all senior management positions of the combined company after consultation with Mr. Armstrong.

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Other Factors. The Company made an unsolicited offer to purchase all of AT&T Broadband. Subsequent to the Company's offer, AT&T solicited bids from other potential purchasers.

The headquarters of the combined company will be in Philadelphia, Pennsylvania, the current headquarters of the Company. An executive office will be maintained in the New York City metropolitan area until at least April 2005.

The Company's current investment in shares of AT&T common stock, to the extent still held by the Company at the time of the AT&T Broadband spin-off and merger, will be exchanged into AT&T shares (representing its Consumer Services and Business Services Groups). Therefore, the Company will continue to have an investment in the "selling company." Conversely, AT&T Broadband's current investment in the Company will either be retired to treasury after the merger or used to settle related debt.

* * * * *

Notwithstanding that the former AT&T Broadband shareholders will, in the aggregate, receive the majority of the voting common stock of the combined company, the Company believes that this fact is outweighed by the totality of the other facts and circumstances described above, with the most significance being given to Mr. Roberts' non-dilutable minority voting interest, Mr. Roberts' role on the Nominating Committee of the Board of Directors, Mr. Roberts position as CEO and President, and Mr. Roberts' right to appoint other members of senior management.

The transaction is subject to customary closing conditions and shareholder, regulatory and other approvals. The Company expects to close the transaction by the end of 2002.

At Home Services

On September 28, 2001, At Home Corporation ("At Home"), the Company's provider of high-speed Internet services, filed for protection under Chapter 11 of the U.S. Bankruptcy Code. In October 2001, the Company amended its agreement with At Home to continue service to the Company's existing and new subscribers during October and November 2001. The Company agreed to be charged a higher rate than it had incurred under its previous agreement. On December 3, 2001, the Company and At Home reached a definitive agreement, approved by the Bankruptcy Court, pursuant to which the Company paid \$160 million to At Home and At Home agreed to continue to provide high-speed Internet services to existing and new subscribers through February 28, 2002. In December 2001, the Company began to transfer its high-speed Internet subscribers from the At Home network to the Company's new Company-owned and managed network. The Company completed this transition in February 2002.

In the fourth quarter of 2001, the Company recognized \$139.5 million of net incremental expenses incurred in the continuation of service to and transition of the Company's high-speed Internet subscribers from At Home's network to the Company's own network. This charge is included in operating expenses in the Company's consolidated statement of operations.

Acquisition of Outdoor Life Network

On October 30, 2001, the Company acquired from Fox Entertainment Group, Inc. ("Fox Entertainment"), a subsidiary of The News Corporation Limited ("News Corp.") the approximate 83.2% interest in OLN not previously owned by the Company. OLN is a 24-hour network devoted exclusively to adventure and the outdoor lifestyle with distribution to approximately 41 million subscribers. The Company made the acquisition to increase its investment in programming content. The estimated fair value of the additional interest of OLN acquired by the Company as of the closing date of the transaction was approximately \$512 million, substantially all of which was allocated to affiliation agreements and goodwill in connection with the preliminary purchase price allocation. Upon closing of the acquisition, the Company

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exchanged its 14.5% interest in the Speedvision Network ("SVN"), together with a previously made loan, for Fox Entertainment's interest in OLN. In connection with the exchange of its interest in SVN, the Company recorded to other income a pre-tax gain of \$106.7 million, representing the difference between the estimated fair value of the Company's interest in SVN as of the closing date of the transaction and the Company's cost basis in SVN. The Company no longer owns any interest in SVN and now owns 100% of OLN.

Baltimore, Maryland System Acquisition

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

Acquisition of Controlling Interest in The Golf Channel

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

AT&T Cable Systems Acquisition

On April 30, 2001, the Company acquired cable systems serving approximately 585,000 subscribers from AT&T in exchange for approximately 63.9 million shares of AT&T common stock then held by the Company. The market value of the AT&T shares was approximately \$1.423 billion, based on the price of the AT&T common stock on the closing date of the transaction. The transaction is expected to qualify as tax free to both the Company and to AT&T.

Home Team Sports Acquisition

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

Adelphia Cable Systems Exchange

On January 1, 2001, the Company completed its cable systems exchange with Adelphia Communications Corporation ("Adelphia"). The Company received cable systems serving approximately 445,000 subscribers from Adelphia and Adelphia received certain of the Company's cable systems serving approximately 441,000 subscribers. The Company recorded to other income a pre-tax gain of \$1.199 billion, representing the difference between the estimated fair value of \$1.799 billion as of the closing date of the transaction and the Company's cost basis in the systems exchanged.

AT&T Cable Systems Exchange

On December 31, 2000, the Company completed its cable systems exchange with AT&T. The Company received cable systems serving approximately 770,000 subscribers from AT&T and AT&T

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received certain of the Company's cable systems serving approximately 700,000 subscribers. The Company recorded to other income a pre-tax gain of \$1.711 billion, representing the difference between the estimated fair value of \$2.840 billion as of the closing date of the transaction and the Company's cost basis in the systems exchanged.

Acquisition of Prime Communications LLC

In December 1998, the Company agreed to invest in Prime Communications LLC ("Prime"), a cable communications company serving approximately 406,000 subscribers. Pursuant to the terms of this agreement, in December 1998 the Company acquired from Prime a \$50.0 million 12.75% subordinated note due 2008 issued by Prime. In July 1999, the Company made a loan to Prime in the form of a \$733.5 million 6% ten year note, convertible into 90% of the equity of Prime. The Company made an additional \$70.0 million in loans to Prime (on the same terms as the original loan). In August 2000, the note, plus accrued interest of \$51.7 million on the note and the loans, was converted and the owners of Prime sold their remaining 10% equity interest in Prime to the Company for \$87.7 million. As a result, the Company owns 100% of Prime and has assumed management control of Prime's operations. Upon closing, the Company assumed and immediately repaid \$532.0 million of Prime's debt with proceeds from borrowings under existing credit facilities.

Acquisition of Jones Intercable, Inc.

In April 1999, the Company acquired a controlling interest in Jones Intercable, Inc. ("Jones Intercable"), a cable communications company serving approximately 1.1 million subscribers, for aggregate consideration of \$706.3 million in cash. In June 1999, the Company purchased an additional 1.0 million shares of Jones Intercable Class A Common Stock for \$50.0 million in cash in a private transaction. The Company contributed its interest in Jones Intercable to Comcast Cable Communications, Inc. ("Comcast Cable"), an indirect wholly owned subsidiary of the Company.

In March 2000, the Jones Intercable shareholders approved a merger agreement pursuant to which the Jones Intercable shareholders, including Comcast Cable, received 1.4 shares of the Company's Class A Special Common Stock in exchange for each share of Jones Intercable Class A Common Stock and Common Stock (the "Jones Merger") and Jones Intercable was merged with and into a wholly owned subsidiary of the Company. In connection with the closing of the Jones Merger, the Company issued approximately 58.9 million shares of its Class A Special Common Stock to the Jones Intercable shareholders, including approximately 23.3 million shares to a subsidiary of the Company and 35.6 million shares with a value of \$1.727 billion to the public shareholders. As required under accounting principles generally accepted in the United States, the shares held by the subsidiary of the Company are presented as issued but not outstanding (held in treasury) in the Company's December 31, 2001 and 2000 consolidated balance sheet.

Acquisition of CalPERS' Interest in Jointly Owned Cable Properties

In February 2000, the Company acquired the California Public Employees Retirement System's ("CalPERS") 45% interest in Comcast MHCP Holdings, L.L.C. ("Comcast MHCP"), formerly a 55% owned consolidated subsidiary of the Company which serves subscribers in Michigan, New Jersey and Florida. As a result, the Company owns 100% of Comcast MHCP. The consideration was \$750.0 million in cash.

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Acquisition of Lenfest Communications, Inc.

In January 2000, the Company acquired Lenfest Communications, Inc. ("Lenfest"), a cable communications company serving approximately 1.1 million subscribers primarily in the Philadelphia area from AT&T and the other Lenfest stockholders for approximately 120.1 million shares of the Company's Class A Special Common Stock with a value of \$6.014 billion (the "Lenfest Acquisition"). In connection with the Lenfest Acquisition, the Company assumed approximately \$1.326 billion of debt.

Consolidation of Comcast Cablevision of Garden State, L.P.

Comcast Cablevision of Garden State, L.P. ("Garden State Cable") (formerly Garden State Cablevision L.P.), a cable communications company serving approximately 216,000 subscribers in New Jersey, is a partnership which was owned 50% by Lenfest and 50% by the Company. The Company had accounted for its interest in Garden State Cable under the equity method. As a result of the Lenfest Acquisition, the Company owns 100% of Garden State Cable. As such, the operating results of Garden State Cable have been included in the Company's consolidated statement of operations from the date of the Lenfest Acquisition.

Acquisition of Greater Philadelphia Cablevision, Inc.

In June 1999, the Company acquired Greater Philadelphia Cablevision, Inc. ("Greater Philadelphia"), a cable communications company serving approximately 79,000 subscribers in Philadelphia from Greater Media, Inc. for approximately 8.5 million shares of the Company's Class A Special Common Stock with a value of \$291.7 million.

The acquisitions completed by the Company during the three years in the period ended December 31, 2001 were accounted for under the purchase method of accounting. As such, the Company's results include the operating results of the acquired businesses from the dates of acquisition. During the fourth quarter of 2001, the Company recorded the final purchase price allocation related to the Company's cable systems exchange with AT&T and related to the Company's acquisitions of Home Team Sports and TGC. The allocation of the purchase price for the other 2001 acquisitions and the cable systems exchange with Adelphia made by the Company is preliminary pending completion of final appraisals. The Company's cable systems exchanges with Adelphia and AT&T and certain of the Company's acquisitions had no significant impact on the Company's consolidated statement of cash flows due to their noncash nature (see Note 10).

Unaudited Pro Forma Information

The following unaudited pro forma information has been presented as if the acquisitions and cable systems exchanges made by the Company in 2001 each occurred on January 1, 2000, the acquisitions and cable systems exchanges made by the Company in 2000 each occurred on January 1, 1999, and the acquisitions made by the Company in 1999 each occurred on January 1, 1998. This information is based on historical results of operations, adjusted for acquisition costs, and, in the opinion of management, is not necessarily indicative of what the results would have been had the Company operated the entities acquired since such dates.

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	Year Ended December 31,		
	2001	2000	1999
	(Amounts in millions, except per share data)		
Revenues	\$9,926.9	\$9,012.2	\$7,566.5
Income before extraordinary items and cumulative effect of accounting change	\$ 150.2	\$1,652.3	\$ 252.2
Net income	\$ 533.2	\$1,628.7	\$ 201.2
Diluted EPS	\$ 0.55	\$ 1.68	\$ 0.21

Sale of Comcast Cellular Corporation

In July 1999, the Company sold Comcast Cellular Corporation ("Comcast Cellular") to SBC Communications, Inc. for \$361.1 million in cash and the assumption of \$1.315 billion of Comcast Cellular debt, and recognized a gain on the sale of \$355.9 million, net of income tax expense. The results of operations of Comcast Cellular have been presented as a discontinued operation in accordance with APB Opinion No. 30, "Reporting the Results of Operations -- Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions." During the year ended December 31, 1999, the Company recognized losses from discontinued operations of \$20.1 million.

Other Income

In August 2000, the Company obtained the right to exchange its At Home Series A Common Stock with AT&T and waived certain of its At Home Board level and shareholder rights under a stockholders agreement (the "Share Exchange Agreement" -- see Note 6). The Company also agreed to cause its existing appointee to the At Home Board of Directors to resign. In connection with the transaction, the Company recorded to other income a pre-tax gain of \$1.045 billion, representing the estimated fair value of the investment as of the closing date.

In August 2000, the Company exchanged all of the capital stock of a wholly owned subsidiary which held certain wireless licenses for approximately 3.2 million shares of AT&T common stock. In connection with the exchange, the Company recorded to other income a pre-tax gain of \$98.1 million, representing the difference between the fair value of the AT&T shares received of \$100.0 million and the Company's cost basis in the subsidiary.

In May 1999, the Company received a \$1.5 billion termination fee as liquidated damages from MediaOne Group, Inc. ("MediaOne") as a result of MediaOne's termination of its Agreement and Plan of Merger with the Company dated March 1999. The termination fee, net of transaction costs, was recorded to other income in the Company's consolidated statement of operations.

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6. Investments

	December 31,	
	2001	2000
	(Dollars in millions)	
Fair value method		
AT&T Corp	\$ 1,514.9	\$ 1,174.3
Sprint Corp. PCS Group	2,109.5	2,149.8
Other	136.1	1,873.0
	3,760.5	5,197.1
Cost method	155.2	128.4
Equity method	386.7	396.1
	4,302.4	5,721.6
Less, current investments	2,623.2	3,059.7
Non-current investments	\$ 1,679.2	\$ 2,661.9
	=====	=====

Fair Value Method

The Company holds unrestricted equity investments in certain publicly traded companies, which it accounts for as available for sale or trading securities. The unrealized pre-tax gains on these investments as of December 31, 2001 and 2000 of \$280.3 million and \$707.1 million, respectively, have been reported in the Company's consolidated balance sheet principally as a component of other comprehensive income, net of related deferred income taxes of \$95.3 million and \$240.0 million, respectively.

The cost, fair value and gross unrealized gains and losses related to the Company's available for sale securities are as follows:

	December 31,	
	2001	2000
	(Dollars in millions)	
Cost	\$ 1,355.0	\$ 4,490.0
Gross unrealized gains	283.2	1,887.6
Gross unrealized losses	(2.9)	(1,180.5)
Fair value	\$ 1,635.3	\$ 5,197.1
	=====	=====

In June 2001, the Company and AT&T entered into an Amended and Restated Share Issuance Agreement (the "Share Issuance Agreement"). AT&T issued to the Company approximately 80.3 million unregistered shares of AT&T common stock and the Company agreed to settle its right under the Share Exchange Agreement (see Note 5 -- Other Income) to exchange an aggregate 31.2 million At Home shares and warrants held by the Company for shares of AT&T common stock. The Company has registration rights, subject to customary restrictions, which allow the Company to require AT&T to register the AT&T shares received. Under the terms of the Share Issuance Agreement, the Company retained the At Home shares and warrants held by it. The Company recorded to investment income a pre-tax gain of \$296.3 million, representing the fair value of the increased consideration received by the Company to settle its right under the Share Exchange Agreement.

In August 2001, the Company entered into a ten year Prepaid Forward Sale of 4.0 million shares of Sprint PCS common stock held by the Company with a fair value of approximately \$98 million and the

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Company received \$78.3 million in cash. At maturity, the counterparty is entitled to receive between 2.5 million and 4.0 million shares of Sprint PCS common stock, or an equivalent amount of cash at the Company's option, based upon the market value of Sprint PCS common stock at that time. The Company split the Prepaid Forward Sale into its liability and derivative components and recorded both components of the Prepaid Forward Sale obligation in other long-term liabilities. The Company records the change in the fair value of the derivative component and the accretion of the liability component to investment income.

Investment Income

Investment income includes the following (in millions):

	Year Ended December 31,		
	2001	2000	1999
Interest and dividend income	\$ 76.5	\$ 171.6	\$ 172.5
Gains on sales and exchanges of investments, net	485.2	886.7	510.6
Investment impairment losses	(972.4)	(74.4)	(35.5)
Reclassification of unrealized gains	1,330.3		
Unrealized gain on Sprint PCS common stock	284.4		
Mark to market adjustments on derivatives related to Sprint PCS common stock	(184.6)		
Mark to market adjustments on derivatives and hedged items	42.3		
Settlement of call options			(18.1)
Investment income	\$ 1,061.7	\$ 983.9	\$ 629.5
	=====	=====	=====

The investment impairment loss for the year ended December 31, 2001 relates principally to an other than temporary decline in the Company's investment in AT&T, a portion of which was exchanged on April 30, 2001 (see Note 5 --- AT&T Cable Systems Acquisition).

During the year ended December 31, 2001, the Company wrote-off its investment in At Home common stock based upon a decline in the investment that was considered other than temporary. In connection with the realization of this impairment loss, the Company reclassified to investment income the accumulated unrealized gain of \$237.9 million on the Company's investment in At Home common stock which was previously recorded as a component of accumulated other comprehensive income. The Company recorded this accumulated unrealized gain prior to the Company's designation of its right under the Share Exchange Agreement as a hedge of the Company's investment in the At Home common stock (see Note 5 --- Other Income).

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

Equity Price Risk

During 1999, the Company entered into Equity Collars covering \$1.365 billion notional amount of the Company's Sprint PCS common stock, which are accounted for at fair value. The Equity Collars limit the Company's exposure to and benefits from price fluctuations in the underlying Sprint PCS common stock. During 2001, \$483.7 million notional amount of Equity Collars matured and the Company sold or entered

COMCAST CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2001, 2000 and 1999 (Continued)

into Prepaid Forward Sales of the related Sprint PCS common stock. The remaining \$881.0 million notional amount of Equity Collars mature between 2002 and 2003. As the Company had accounted for the Equity Collars as a hedge, changes in the value of the Equity Collars were substantially offset by changes in the value of the Sprint PCS common stock which was also marked-to-market through accumulated other comprehensive income in the Company's consolidated balance sheet through December 31, 2000.

Equity Method

The Company records its proportionate interests in the net income (loss) of certain of its equity method investees in arrears. The Company's recorded investments exceed its proportionate interests in the book value of the investees' net assets by \$188.7 million as of December 31, 2001 (principally related to the Company's investment in Susquehanna Cable). Such excess is being amortized to equity in net income or loss, 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 \$479.8 million and \$506.5 million as of December 31, 2001 and 2000, respectively. Upon adoption of SFAS No. 142, the Company will no longer amortize this excess but rather will continue to test such excess for impairment in accordance with APB Opinion 18, "The Equity Method of Accounting for Investments in Common Stock."

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.

Cost Method

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

7. Long-term Debt

	December 31,	
	2001	2000
	(In millions)	
Commercial Paper	\$ 397.3	\$ 1,323.5
Notes payable to banks due in installments through 2009	1,222.7	1,751.4
9 5/8% Senior notes, due 2002	200.0	200.0
8 1/8% Senior notes, due 2004	320.4	299.9
8 3/8% Senior notes, due 2005	697.0	696.3
6 3/8% Senior notes, due 2006	511.3	
8 3/8% Senior notes, due 2007	597.5	597.2
8 7/8% Senior notes, due 2007	249.1	249.0
6.20% Senior notes, due 2008	798.4	798.2
7 5/8% Senior notes, due 2008	206.1	197.1
7 5/8% Senior notes, due 2008	147.7	147.4
6 7/8% Senior notes, due 2009	751.5	
6 3/4% Senior notes, due 2011	993.1	
7 1/8% Senior notes, due 2013	748.4	
8 7/8% Senior notes, due 2017	545.9	545.8

COMCAST CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2001, 2000 and 1999 (Continued)

	December 31,	
	2001	2000
	(In millions)	
8 1/2% Senior notes, due 2027	249.6	249.6
10 1/4% Senior subordinated debentures, due 2001		100.4
10 1/2% Senior subordinated debentures, due 2006	133.0	123.8
8 1/4% Senior subordinated debentures, due 2008	154.3	149.1
10 5/8% Senior subordinated debentures, due 2012	247.8	257.0
Zero Coupon Convertible Debentures, due 2020	1,096.4	1,002.0
7% Disney Notes, due 2007	132.8	132.8
ZONES at principal amount, due 2029	1,612.6	1,806.8
Other, including capital lease obligations	188.9	184.0
	12,201.8	10,811.3
Less current portion	460.2	293.9
	\$11,741.6	\$10,517.4
	=====	=====

Maturities of long-term debt outstanding as of December 31, 2001 for the four years after 2002 are as follows (in millions):

2003	\$ 73.2
2004	331.0
2005	2,026.2
2006	653.2

Senior Notes Offerings

During 2001, Comcast Cable sold an aggregate of \$3.0 billion of public debt. The Company used substantially all of the net proceeds from the offerings to repay a portion of the amounts outstanding under Comcast Cable's commercial paper program and revolving credit facility, and to fund acquisitions.

Zero Coupon Convertible Debentures

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

The Zero Coupon Debentures have a yield to maturity of 1.25%, computed on a semi-annual bond equivalent basis. The Zero Coupon Debentures may be converted, subject to certain restrictions, into shares of the Company's Class A Special Common Stock at the option of the holder at a conversion rate of 14.2566 shares per \$1,000 principal amount at maturity, representing an initial conversion price of \$54.67 per share. The Zero Coupon Debentures are senior unsecured obligations. The Company may redeem for cash all or part of the Zero Coupon Debentures on or after December 19, 2005.

On December 17, 2001, the Company amended the terms of the Zero Coupon Debentures to permit holders of the Zero Coupon Debentures to require the Company to repurchase the Zero Coupon Debentures on December 19, 2002.

COMCAST CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2001, 2000 and 1999 (Continued)

Holders may require the Company to repurchase the Zero Coupon Debentures on December 19, 2001, 2002, 2003, 2005, 2010 and 2015. The Company may choose to pay the repurchase price for 2001, 2002, 2003 and 2005 repurchases in cash or shares of its Class A Special Common Stock or a combination of cash and shares of its Class A Special Common Stock. The Company may pay the repurchase price for the 2010 and 2015 repurchases in cash only.

On December 19, 2001, holders of an aggregate of \$70.3 million accreted value of Zero Coupon Debentures exercised their right to have the Company repurchase their Zero Coupon Debentures for cash. The Company financed the redemption with available cash.

Holders may surrender the Zero Coupon Debentures for conversion at any time prior to maturity if the closing price of the Company's Class A Special Common Stock is greater than 110% of the accreted conversion price for at least 20 trading days of the 30 trading days prior to conversion.

Amounts outstanding under the Zero Coupon Debentures are classified as long-term in the Company's consolidated balance sheet as of December 31, 2001 and 2000 as the Company has both the ability and the intent to refinance the Zero Coupon Debentures on a long-term basis with amounts available under the Comcast Cable Revolver (see "Commercial Paper" below) in the event holders of the Zero Coupon Debentures exercise their rights to require the Company to repurchase the Zero Coupon Debentures in December 2002.

Commercial Paper

The Company's senior bank credit facility consists of a \$2.25 billion, five-year revolving credit facility and a \$2.25 billion, 364-day revolving credit facility (together, the "Comcast Cable Revolver"). The 364-day revolving credit facility supports Comcast Cable's commercial paper program. Amounts outstanding under the commercial paper program are classified as long-term in the Company's consolidated balance sheet as of December 31, 2001 and 2000 as the Company has both the ability and the intent to refinance these obligations, if necessary, on a long-term basis with amounts available under the Comcast Cable Revolver.

ZONES

At maturity, holders of the Company's 2.0% Exchangeable Subordinated Debentures due 2029 (the "ZONES") are entitled to receive in cash an amount equal to the higher of the principal amount of the ZONES or the market value of Sprint PCS Stock. Prior to maturity, each ZONES is exchangeable at the holder's option for an amount of cash equal to 95% of the market value of Sprint PCS Stock.

Prior to the adoption of SFAS No. 133 on January 1, 2001, the Company accounted for the ZONES as an indexed debt instrument since the maturity value is dependent upon the fair value of Sprint PCS Stock. Therefore, the carrying value of the ZONES was adjusted each balance sheet date to reflect the fair value of the underlying Sprint PCS Stock with the change included in income (expense) related to indexed debt in the Company's consolidated statement of operations. As of December 31, 2001, the number of Sprint PCS shares held by the Company exceeded the number of ZONES outstanding.

Upon adoption of SFAS No. 133, the Company split the ZONES into their derivative and debt components. In connection with the adoption of SFAS No. 133, the Company recorded the debt component of the ZONES at a discount from its value at maturity resulting in a reduction in the outstanding balance of the ZONES of \$400.2 million (see Note 3).

COMCAST CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2001, 2000 and 1999 (Continued)

The Company recorded the increase in the fair value of the ZONES (see Note 6) and the increase in the carrying value of the debt component of the ZONES as follows (in millions):

	Year Ended December 31, 2001
Increase in derivative component to investment expense	\$183.8
Increase in debt component to interest expense	\$ 22.2

Extraordinary Items

Extraordinary items consist of unamortized debt issue costs and debt extinguishment costs, net of related tax benefits, expensed principally in connection with the redemptions and refinancings of certain indebtedness.

Interest Rates

Bank debt interest rates vary based upon one or more of the following rates at the option of the Company:

Prime rate to prime plus .75%;
Federal Funds rate plus .5% to 1.25%; and
LIBOR plus .19% to 1.875%.

As of December 31, 2001 and 2000, the Company's effective weighted average interest rate on its variable rate debt outstanding was 2.70% and 7.34%, respectively.

Interest Rate Risk Management

The Company is exposed to the market risk of adverse changes in interest rates. To manage the volatility relating to these exposures, the Company's policy is to maintain a mix of fixed and variable rate debt and to enter into various interest rate derivative transactions as described below.

Using Swaps, the Company agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. Caps are used to lock in a maximum interest rate should variable rates rise, but enable the Company to otherwise pay lower market rates. Collars limit the Company's exposure to and benefits from interest rate fluctuations on variable rate debt to within a certain range of rates.

All derivative transactions must comply with a board-approved derivatives policy. In addition to prohibiting the use of derivatives for trading purposes or that increase risk, this policy requires quarterly monitoring of the portfolio, including portfolio valuation, measuring counterparty exposure and performing sensitivity analyses.

COMCAST CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2001, 2000 and 1999 (Continued)

The following table summarizes the terms of the Company's existing Swaps (dollars in millions):

	Notional Amount -----	Maturities -----	Average Interest Rate -----	Estimated Fair Value -----
As of December 31, 2001				
Variable to Fixed Swaps	\$ 250.3	2002-2003	4.9%	\$ (5.5)
Fixed to Variable Swaps	\$ 950.0	2004-2008	7.5%	\$ 46.8
As of December 31, 2000				
Variable to Fixed Swaps	\$ 377.7	2001-2003	5.2%	\$ 3.7
Fixed to Variable Swaps	\$ 450.0	2004-2008	7.7%	\$ 3.2

The notional amounts of interest rate instruments, as presented in the above table, are used to measure interest to be paid or received and do not represent the amount of exposure to credit loss. The estimated fair value approximates the proceeds (costs) to settle the outstanding contracts. While Swaps, Caps and Collars represent an integral part of the Company's interest rate risk management program, their incremental effect on interest expense for the years ended December 31, 2001, 2000 and 1999 was not significant.

During January and February 2002, the Company settled all \$950.0 million notional amount of its Fixed to Variable Swaps and received proceeds of \$56.8 million.

Estimated Fair Value

The Company's long-term debt had estimated fair values of \$12.559 billion and \$10.251 billion as of December 31, 2001 and 2000, respectively. The estimated fair value of the Company's publicly traded debt is based on quoted market prices for that debt. Interest rates that are currently available to the Company for issuance of debt with similar terms and remaining maturities are used to estimate fair value for debt issues for which quoted market prices are not available.

Debt Covenants

Certain of the Company's subsidiaries' loan agreements contain restrictive covenants which, for example, limit the subsidiaries' ability to enter into arrangements for the acquisition of property and equipment, investments, mergers and the incurrence of additional debt. Certain of these agreements contain financial covenants which require that certain ratios and cash flow levels be maintained and contain certain restrictions on dividend payments and advances of funds to the Company. The Company and its subsidiaries were in compliance with all financial covenants for all periods presented.

As of December 31, 2001, \$246.9 million of the Company's cash, cash equivalents and short-term investments is restricted to use by subsidiaries of the Company under contractual or other arrangements. Restricted net assets of the Company's subsidiaries were approximately \$1.233 billion as of December 31, 2001.

Lines and Letters of Credit

As of December 31, 2001, certain subsidiaries of the Company had unused lines of credit of \$3.460 billion under their respective credit facilities.

As of December 31, 2001, the Company and certain of its subsidiaries had unused irrevocable standby letters of credit totaling \$96.1 million to cover potential fundings under various agreements.

COMCAST CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2001, 2000 and 1999 (Continued)

8. Stockholders' Equity

Preferred Stock

The Company is authorized to issue, in one or more series, up to a maximum of 20.0 million shares of preferred stock. The shares can be issued with such designations, preferences, qualifications, privileges, limitations, restrictions, options, conversion rights and other special or related rights as the Company's board of directors shall from time to time fix by resolution.

The Company's Series B Preferred Stock had a 5.25% pay-in-kind annual dividend. Dividends were paid quarterly through the issuance of additional shares of Series B Preferred Stock (the "Additional Shares") and were cumulative from the issuance date (except that dividends on the Additional Shares accrued from the date such Additional Shares were issued). The Series B Preferred Stock, including the Additional Shares, was convertible, at the option of the holder, into approximately 42.5 million shares of the Company's Class A Special Common Stock, subject to adjustment in certain limited circumstances, which equaled an initial conversion price of \$11.77 per share, increasing as a result of the Additional Shares to \$16.96 per share on June 30, 2004. The Series B Preferred Stock was mandatorily redeemable on June 30, 2017, or, at the option of the Company beginning on June 30, 2004 or at the option of the holder on June 30, 2004 or on June 30, 2012. Upon redemption, the Company, at its option, could redeem the Series B Preferred Stock with cash, Class A Special Common Stock or a combination thereof. The Series B Preferred Stock was generally non-voting. In December 2000, the Company issued approximately 38.3 million shares of its Class A Special Common Stock to the holder in connection with the holder's election to convert \$533.6 million at redemption value of Series B Preferred Stock. In March 2001, the Company issued approximately 4.2 million shares of its Class A Special Common Stock to the holder in connection with the holder's election to convert the remaining \$59.5 million at redemption value of Series B Preferred Stock.

Common Stock

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

Board-Authorized Repurchase Programs

The following table summarizes the Company's repurchases and sales of Comcast Put Options under its Board-authorized share repurchase programs (shares and dollars in millions):

	Year Ended December 31,		
	2001	2000	1999
Shares repurchased	0.8	9.1	1.0
Aggregate consideration	\$ 27.1	\$ 324.9	\$ 30.7
Comcast Put Options sold		2.0	5.5

As part of the Company's Board-authorized repurchase programs, the Company sold Comcast Put Options on shares of its Class A Special Common Stock. The Comcast Put Options give the holder the right to require the Company to repurchase such shares at specified prices on specific dates. All Comcast Put Options sold expired unexercised. The Company reclassified the amount it would have been obligated to pay to repurchase such shares had the Comcast Put Options been exercised, from common equity put options to additional capital upon expiration of the Comcast Put Options. The difference between the

COMCAST CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2001, 2000 and 1999 (Continued)

proceeds from the sale of the Comcast Put Options and their estimated fair value was not significant as of December 31, 2000.

Stock-Based Compensation Plans

As of December 31, 2001, the Company and its subsidiaries have several stock-based compensation plans for certain employees, officers, directors and other persons designated by the applicable compensation committees of the boards of directors of the Company and its subsidiaries. These plans are described below.

Comcast Option Plans. The Company maintains qualified and nonqualified stock option plans for certain employees, directors and other persons under which fixed stock options are granted and the option price is generally not less than the fair value of a share of the underlying stock at the date of grant (collectively, the "Comcast Option Plans"). Under the Comcast Option Plans, 55.9 million shares of Class A Special Common Stock were reserved as of December 31, 2001. Option terms are generally from five to 10 1/2 years, with options generally becoming exercisable between two and 9 1/2 years from the date of grant.

The following table summarizes the activity of the Comcast Option Plans (options in thousands):

	2001		2000		1999	
	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
Class A Special Common Stock						
Outstanding at beginning of year	49,618	\$ 23.69	40,416	\$ 16.01	43,002	\$ 11.09
Granted	10,084	37.52	15,300	39.43	7,403	34.16
Exercised	(3,360)	10.62	(4,805)	8.60	(7,527)	6.76
Canceled	(821)	30.69	(1,293)	25.98	(2,462)	12.90
Outstanding at end of year	55,521	26.89	49,618	23.69	40,416	16.01
Exercisable at end of	16,892	15.57	13,267	11.35	10,947	8.19

The following table summarizes information about the Class A Special Common Stock options outstanding under the Comcast Option Plans as of December 31, 2001 (options in thousands):

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding at 12/31/01	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable at 12/31/01	Weighted-Average Exercise Price
\$ 4.96 - \$ 6.04	2,229	1 year	\$ 5.74	2,067	\$ 5.71
\$ 6.71 - \$ 10.06	7,095	3.3 years	8.70	4,829	8.95
\$ 10.11 - \$ 14.94	4,267	4.9 years	13.13	2,428	13.04
\$ 15.66 - \$ 22.88	10,490	6.4 years	17.01	4,809	17.01
\$ 27.59 - \$ 34.48	6,112	7.4 years	32.29	2,042	31.96
\$ 34.50 - \$ 41.38	21,745	8.9 years	37.78	490	38.52
\$ 41.44 - \$ 53.13	3,583	8.3 years	46.05	227	45.71
	55,521			16,892	

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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The weighted-average fair value at date of grant of a Class A Special Common Stock option granted under the Comcast Option Plans during 2001, 2000 and 1999 was \$19.07, \$21.20 and \$20.41, respectively. The fair value of each option granted during 2001, 2000 and 1999 was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	Year Ended December 31,		
	2001	2000	1999
Dividend yield	0%	0%	0%
Expected volatility	35.7%	35.8%	36.1%
Risk-free interest rate	5.1%	6.3%	5.8%
Expected option lives (in years)	8.0	8.0	9.9
Forfeiture rate	3.0%	3.0%	3.0%

Subsidiary Option Plans. Certain of the Company's subsidiaries maintain qualified and nonqualified combination stock option/stock appreciation rights ("SAR") plans (collectively, the "Tandem Plans") for employees, officers, directors and other designated persons. Under the Tandem Plans, the option price is generally not less than the fair value, as determined by an independent appraisal, of a share of the underlying common stock at the date of grant. If the eligible participant elects the SAR feature of the Tandem Plans, the participant receives 75% of the excess of the fair value of a share of the underlying common stock over the exercise price of the option to which it is attached at the exercise date. Option holders have stated an intention not to exercise the SAR feature of the Tandem Plans. Because the exercise of the option component is more likely than the exercise of the SAR feature, compensation expense is measured based on the stock option component. Under the Tandem Plans, option/SAR terms are ten years from the date of grant, with options/SARs generally becoming exercisable over four to five years from the date of grant.

The QVC Tandem Plan is the most significant of the Tandem Plans. The following table summarizes information related to the QVC Tandem Plan (options/SARs in thousands):

	At December 31,		
	2001	2000	1999
Options/SARs outstanding at end of year	253	219	200
Weighted-average exercise price of options/SARs outstanding at end of year	\$ 913.88	\$ 789.51	\$ 618.02
Options/SARs exercisable at end of year	113	79	80
Weighted-average exercise price of options/SARs exercisable at end of year	\$ 706.51	\$ 606.92	\$ 505.86

As of the latest valuation date, the fair value of a share of QVC Common Stock was \$1,492.00.

COMCAST CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2001, 2000 and 1999 (Continued)

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

	Year Ended December 31,		
	2001	2000	1999
Net income:			
As reported	\$ 608.6	\$ 2,021.5	\$ 1,065.7
Pro forma	\$ 482.0	\$ 1,918.1	\$ 1,005.5
Net income for common stockholders:			
As reported	\$ 608.6	\$ 1,998.0	\$ 1,036.0
Pro forma	\$ 482.0	\$ 1,894.6	\$ 975.8
Basic earnings for common stockholders per common share:			
As reported	\$ 0.64	\$ 2.24	\$ 1.38
Pro forma	\$ 0.51	\$ 2.13	\$ 1.30
Diluted earnings for common stockholders per common share:			
As reported	\$ 0.63	\$ 2.13	\$ 1.30
Pro forma	\$ 0.50	\$ 2.02	\$ 1.23

The pro forma effect on net income and net income per share for the years ended December 31, 2001, 2000 and 1999 by applying SFAS No. 123 may not be indicative of the pro forma effect on net income or loss in future years since SFAS No. 123 does not take into consideration pro forma compensation expense related to awards made prior to January 1, 1995 and since additional awards in future years are anticipated.

Other Stock-Based Compensation Plans

The Company maintains a restricted stock plan under which management employees may be granted restricted shares of the Company's Class A Special Common Stock (the "Restricted Stock Plan"). The shares awarded vest annually, generally over a period not to exceed five years from the date of the award, and do not have voting rights. At December 31, 2001, there were 714,000 unvested shares granted under the Restricted Stock Plan, of which 158,000 vested in January 2002.

The Company maintains a deferred stock option plan for certain employees, officers and directors which provides the optionees with the opportunity to defer the receipt of shares of the Company's Class A Special Common Stock which would otherwise be deliverable upon exercise by the optionees of their stock options. As of December 31, 2001 and 2000, 5.9 million and 5.0 million shares were issuable under options exercised but the receipt of which was irrevocably deferred by the optionees pursuant to the Company's deferred stock option plan.

Certain of the Company's subsidiaries have SAR plans for certain employees, officers, directors and other persons (the "SAR Plans"). Under the SAR Plans, eligible participants are entitled to receive a cash payment equal to 100% of the excess, if any, of the fair value of a share of the underlying common stock at the exercise date over the fair value of such a share at the grant date. The SARs have a term of ten years from the date of grant and become exercisable over four to five years from the date of grant.

COMCAST CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2001, 2000 and 1999 (Continued)

The following table summarizes information related to the Company's Restricted Stock Plan and subsidiary SAR Plans:

	Year Ended December 31,		
	2001	2000	1999
Restricted Stock Plan			
Shares granted (in thousands)	157	504	170
Weighted-average fair value per share at date of grant	\$39.52	\$37.80	\$43.22
Compensation expense (in millions)	\$ 8.9	\$ 9.2	\$ 4.7
SAR Plans			
Compensation expense (in millions)	\$ 3.5	\$ 2.2	\$ 6.4

9. Income Taxes

The Company joins with its 80% or more owned subsidiaries (the "Consolidated Group") in filing consolidated federal income tax returns. QVC and E! Entertainment, each file separate consolidated federal income tax returns. Income tax expense consists of the following components (in millions):

	Year Ended December 31,		
	2001	2000	1999
Current expense			
Federal	\$ 623.2	\$ 321.4	\$606.7
State	84.8	42.8	188.4
Foreign	2.9	2.5	2.0
	710.9	366.7	797.1
Deferred expense (benefit)			
Federal	(255.8)	998.6	(65.2)
State	15.1	76.0	(8.2)
	(240.7)	1,074.6	(73.4)
Income tax expense	\$ 470.2	\$1,441.3	\$723.7
	=====	=====	=====

The Company's effective income tax expense differs from the statutory amount because of the effect of the following items (in millions):

	Year Ended December 31,		
	2001	2000	1999
Federal tax at statutory rate	\$299.7	\$1,260.6	\$525.0
Non-deductible depreciation and amortization	106.6	102.1	49.8
State income taxes, net of federal benefit	64.9	77.2	117.1
Foreign (income) losses and equity in net losses of affiliates	7.2	8.0	(2.0)
Other	(8.2)	(6.6)	33.8
Income tax expense	\$470.2	\$1,441.3	\$723.7
	=====	=====	=====

COMCAST CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2001, 2000 and 1999 (Continued)

The Company's net deferred tax liability consists of the following components (in millions):

	December 31,	
	2001	2000
Deferred tax assets:		
Net operating loss carryforwards	\$ 242.8	\$ 289.8
Allowances for doubtful accounts and excess and obsolete inventory	108.7	109.0
Other	167.0	163.5
	518.5	562.3
Deferred tax liabilities:		
Temporary differences, principally book and tax basis of property and equipment and intangible assets	6,329.0	5,851.7
Differences between book and tax basis in investments	644.9	1,221.3
Differences between book and tax basis of indexed debt securities	195.7	65.9
	7,169.6	7,138.9
Net deferred tax liability	\$ 6,651.1	\$ 6,576.6
	=====	=====

The Company recorded \$212.3 million of deferred income tax liabilities in 2001 in connection with acquisitions principally related to basis differences in property and equipment and intangible assets. The Company recorded a decrease of (\$148.6) million and (\$3.055) billion, and an increase of \$2.730 billion to deferred income tax liabilities in 2001, 2000 and 1999, respectively, in connection with unrealized gains (losses) on marketable securities which are included in other comprehensive income. The Company recorded \$207.0 million of deferred income tax liabilities in 2001 in connection with the cumulative effect of accounting change related to the adoption of SFAS No. 133 (see Note 3).

The Company has recorded net deferred tax liabilities of \$275.4 million and \$789.9 million, as of December 31, 2001 and 2000, respectively, which have been included in current liabilities, related primarily to current investments. The Company has net operating loss carryforwards of approximately \$250.0 million which expire primarily in periods through 2019.

10. Statement of Cash Flows -- Supplemental Information

The following table summarizes the fair values of the assets and liabilities acquired by the Company through noncash transactions (see Note 5) (in millions):

	Year Ended December 31,		
	2001	2000	1999
Current assets	\$ 56.6	\$ 216.2	\$ 6.4
Investments		437.3	
Property, plant & equipment	580.4	1,295.8	74.0
Intangible assets	3,042.7	15,399.4	337.0
Current liabilities	(37.0)	(277.3)	(11.1)
Long-term debt		(2,146.5)	
Deferred income taxes	(76.9)	(3,308.0)	(114.6)
Net assets	\$3,565.8	\$11,616.9	\$ 291.7
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The following table summarizes the Company's cash payments for interest and income taxes (in millions):

	Year Ended December 31,		
	2001	2000	1999
Interest	\$ 660.4	\$ 705.8	\$ 529.2
Income taxes	\$ 561.2	\$ 708.9	\$ 190.5

11. Commitments and Contingencies

Commitments

The Company's programming networks have entered into license agreements for programs and sporting events which will be available for telecast subsequent to December 31, 2001. In addition, the Company, through Comcast-Spectacor, has employment agreements with both players and coaches of its professional sports teams. Certain of these employment agreements, which provide for payments that are guaranteed regardless of employee injury or termination, are covered by disability insurance if certain conditions are met. The following table summarizes the Company's minimum annual programming commitments under these license agreements, the Company's future commitments under long-term professional sports contracts, and the Company's minimum annual rental commitments for office space, equipment and transponder service agreements under noncancellable operating leases as of December 31, 2001 (in millions):

	Programming Agreements	Professional Sports Contracts	Operating Leases	Total
2002	\$ 95.4	\$ 122.5	\$ 98.6	\$316.5
2003	82.6	108.8	78.0	269.4
2004	84.0	84.5	68.8	237.3
2005	82.6	50.8	54.3	187.7
2006	85.8	28.7	39.6	154.1
Thereafter	413.6	8.0	148.6	570.2

The following table summarizes the Company's rental expense charged to operations (in millions):

	Year Ended December 31,		
	2001	2000	1999
Rental expense	\$120.9	\$97.6	\$88.5

Contingencies

The Company and the owners of the 34% interest in Comcast Spectacor that the Company does not own (the "Minority Group") each have the right to initiate an "exit" process under which the fair market value of Comcast Spectacor would be determined by appraisal. Following such determination, the Company would have the option to acquire the interests in Comcast Spectacor owned by the Minority Group based on the appraised fair market value. In the event the Company did not exercise this option, the Company and the Minority Group would then be required to use their best efforts to sell Comcast Spectacor.

The Walt Disney Company ("Disney"), in certain circumstances, is entitled to cause Comcast Entertainment Holdings LLC ("Entertainment Holdings"), which is owned 50.1% by the Company and 49.9% by Disney, to purchase Disney's entire interest in Entertainment Holdings at its then fair market

COMCAST CORPORATION AND SUBSIDIARIES

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Years Ended December 31, 2001, 2000 and 1999 (Continued)

value (as determined by an appraisal process). If Entertainment Holdings elects not to purchase Disney's interests, Disney has the right, at its option, to purchase either the Company's entire interest in Entertainment Holdings or all of the shares of stock of E! Entertainment held by Entertainment Holdings in each case at fair market value. In the event that Disney exercises its rights, as described above, a portion or all of the Disney Notes (see Note 7) may be replaced with a three year note due to Disney.

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

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

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

12. Financial Data by Business Segment

The following represents the Company's significant business segments, "Cable" and "Commerce." The Company's regional sports programming networks, which derive a substantial portion of their revenues from the Company's cable operations, were previously included in "Other." In 2001, as a result of a change in the Company's internal reporting structure, the Company's regional sports programming networks are now included in the Company's Cable segment for all periods presented (see Note 1). The components of net income (loss) below operating income (loss) are not separately evaluated by the Company's management on a segment basis (dollars in millions).

	Cable	Commerce	Corporate and Other(1)	Total
	-----	-----	-----	-----
2001				
Revenues(2)	\$ 5,130.7	\$ 3,917.3	626.2	\$ 9,674.2
Operating income (loss) before depreciation and amortization(3)	2,054.1	722.3	(74.6)	2,701.8
Depreciation and amortization	3,043.6	143.3	261.1	3,448.0
Operating income (loss)	(989.5)	579.0	(335.7)	(746.2)
Interest expense	546.4	25.9	159.5	731.8
Assets	29,084.6	2,680.5	6,366.7	38,131.8
Long-term debt	8,363.2	62.7	3,315.7	11,741.6
Capital expenditures	1,855.3	142.9	183.5	2,181.7

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2001, 2000 and 1999 (Continued)

	Cable	Commerce	Corporate and Other(1)	Total
	-----	-----	-----	-----
2000				
Revenues(2)	\$ 4,208.5	\$ 3,535.9	\$ 474.2	\$ 8,218.6
Operating income (loss) before depreciation and amortization(3)	1,903.4	619.2	(52.3)	2,470.3
Depreciation and amortization	2,419.5	125.9	85.9	2,631.3
Operating income (loss)	(516.1)	493.3	(138.2)	(161.0)
Interest expense	515.9	34.9	140.6	691.4
Assets	25,763.9	2,503.0	7,477.6	35,744.5
Long-term debt	6,711.0	302.0	3,504.4	10,517.4
Capital expenditures	1,248.9	155.9	232.0	1,636.8
1999				
Revenues(2)	\$ 2,969.9	\$ 3,167.4	\$ 391.9	\$ 6,529.2
Operating income (loss) before depreciation and amortization(3)	1,358.0	538.8	(16.8)	1,880.0
Depreciation and amortization	1,028.3	117.2	70.5	1,216.0
Operating income (loss)	329.7	421.6	(87.3)	664.0
Interest expense	353.5	39.6	145.2	538.3
Assets	10,863.6	2,243.6	15,578.4	28,685.6
Long-term debt	4,735.5	476.7	3,495.0	8,707.2
Capital expenditures	739.9	80.1	73.8	893.8

- (1) Other includes segments not meeting certain quantitative guidelines for reporting including the Company's content (see Note 1) and business communications operations, as well as elimination entries related to the segments presented. Corporate and other assets consist primarily of the Company's investments (see Note 6).
- (2) Revenues include \$508.1 million, \$458.4 million and \$448.2 million in 2001, 2000 and 1999, respectively, of non-US revenues, principally related to the Company's Commerce segment. No single customer accounted for a significant amount of the Company's revenues in any period.
- (3) Operating income (loss) before depreciation and amortization is commonly referred to in the Company's businesses as "operating cash flow (deficit)." Operating cash flow is a measure of a company's ability to generate cash to service its obligations, including debt service obligations, and to finance capital and other expenditures. In part due to the capital intensive nature of the Company's businesses and the resulting significant level of non-cash depreciation and amortization expense, operating cash flow is frequently used as one of the bases for comparing businesses in the Company's industries, although the Company's measure of operating cash flow may not be comparable to similarly titled measures of other companies. Operating cash flow is the primary basis used by the Company's management to measure the operating performance of its businesses. Operating cash flow does not purport to represent net income or net cash provided by operating activities, as those terms are defined under generally accepted accounting principles, and should not be considered as an alternative to such measurements as an indicator of the Company's performance.

COMCAST CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2001, 2000 and 1999 (Continued)

13. Quarterly Financial Information (Unaudited)

	First Quarter -----	Second Quarter -----	Third Quarter -----	Fourth Quarter -----	Total Year -----
(Dollars in millions, except per share data)					
2001					
Revenues	\$2,196.1	\$2,298.5	\$2,355.5	\$2,824.1	\$9,674.2
Operating loss	(100.5)	(133.3)	(178.2)	(334.2)	(746.2)
Income (loss) before extraordinary items and cumulative effect of accounting change	616.7	36.7	(106.8)	(321.0)	225.6
Basic earnings (loss) for common stockholders per common share					
Income (loss) before extraordinary items and cumulative effect of accounting change	0.65	0.04	(0.11)	(0.34)	0.24
Net income (loss)	1.06	0.04	(0.11)	(0.34)	0.64
Diluted earnings (loss) for common stockholders per common share					
Income (loss) before extraordinary items and cumulative effect of accounting change	0.64	0.04	(0.11)	(0.34)	0.23
Net income (loss)	1.04	0.04	(0.11)	(0.34)	0.63
Operating income before depreciation and amortization(1)	640.9	700.4	705.8	654.7	2,701.8
2000					
Revenues	\$1,938.9	\$1,912.1	\$1,960.0	\$2,407.6	\$8,218.6
Operating income (loss)	41.2	(31.6)	(56.4)	(114.2)	(161.0)
Income (loss) before extraordinary items	(186.4)	198.8	1,249.1	783.6	2,045.1
Basic earnings (loss) for common stockholders per common share					
Income (loss) before extraordinary items	(0.23)	0.21	1.37	0.87	2.27
Net income (loss)	(0.24)	0.20	1.37	0.86	2.24
Diluted earnings (loss) for common stockholders per common share					
Income (loss) before extraordinary items	(0.23)	0.20	1.29	0.81	2.16
Net income (loss)	(0.24)	0.19	1.29	0.80	2.13
Operating income before depreciation and amortization(1)	586.9	602.8	605.7	674.9	2,470.3

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(1) See Note 12, note 3.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2001, 2000 and 1999 (Concluded)

14. Transitional Disclosure Relating to SFAS No. 142

The following pro forma financial information for the years ended December 31, 2001, 2000 and 1999 is presented as if SFAS No. 142 was adopted as of January 1, 1999 (amounts in millions, except per share data) (see Note 3):

	Years Ended December 31,		
	2001	2000	1999
Net Income			
As reported	\$ 608.6	\$ 2,021.5	\$ 1,065.7
Amortization of goodwill	334.8	303.5	128.5
Amortization of equity method goodwill	15.0	15.2	4.4
Amortization of franchise rights	1,083.7	858.1	258.3
As adjusted	\$ 2,042.1	\$ 3,198.3	\$ 1,456.9
	=====	=====	=====
Income before extraordinary items and cumulative effect of accounting change, as adjusted	\$ 1,659.1	\$ 3,221.9	\$ 1,507.9
	=====	=====	=====
Basic EPS			
As reported	\$ 0.64	\$ 2.24	\$ 1.38
Amortization of goodwill	0.35	0.34	0.17
Amortization of equity method goodwill	0.02	0.02	0.01
Amortization of franchise rights	1.14	0.96	0.35
As adjusted	\$ 2.15	\$ 3.56	\$ 1.91
	=====	=====	=====
Diluted EPS			
As reported	\$ 0.63	\$ 2.13	\$ 1.30
Amortization of goodwill	0.35	0.32	0.16
Amortization of equity method goodwill	0.02	0.02	0.01
Amortization of franchise rights	1.12	0.90	0.31
As adjusted	\$ 2.12	\$ 3.37	\$ 1.78
	=====	=====	=====