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

FORM 10-Q

(Mark One)

(X) Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the Quarterly Period Ended:
JUNE 30, 1997
OR
( ) Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the Transition Period from ________ to ________.

Commission File Number 0-6983

COMCAST CORPORATION
[GRAPHIC OMITTED - LOGO]

(Exact name of registrant as specified in its charter)

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

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

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

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

Yes __X__ No _____

As of June 30, 1997, there were 308,258,612 shares of Class A Special Common Stock, 31,793,767 shares of Class A Common Stock and 8,786,250 shares of Class B Common Stock outstanding.

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

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

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

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED BALANCE SHEET
(Unaudited)

	(Dollars in millions, except share data) June 30, 1997	December 31, 1996
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$1,264.6	$331.3
Short-term investments	144.4	208.3
Accounts receivable, less allowance for doubtful accounts of $96.3 and $97.1	416.8	439.3
Inventories, net	305.3	258.4
Other current assets	154.7	168.5
Total current assets	2,285.8	1,405.8
INVESTMENTS, principally in affiliates	1,066.2	1,177.7
PROPERTY AND EQUIPMENT	3,905.6	3,600.1
Accumulated depreciation	(1,237.5)	(1,061.3)
Property and equipment, net	2,668.1	2,538.8
DEFERRED CHARGES	9,013.1	8,578.8
Accumulated amortization	(1,836.2)	(1,612.5)
Deferred charges, net	7,176.9	6,966.3
	$13,197.0	$12,088.6
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$1,069.3	$1,044.3
Accrued interest	107.2	91.1
Current portion of long-term debt, including optional debt repayments of $527.0 and $70.0	626.3	229.5
Total current liabilities	1,802.8	1,364.9
LONG-TERM DEBT, less current portion	6,786.7	7,102.7
DEFERRED INCOME TAXES	2,078.1	2,140.5
MINORITY INTEREST AND OTHER	1,050.9	859.3
COMMITMENTS AND CONTINGENCIES		
COMMON EQUITY PUT OPTIONS	31.4	69.6
STOCKHOLDERS' EQUITY		
Preferred stock - authorized, 20,000,000 shares		
5% series A convertible, no par value, issued, 6,370 at redemption value	31.9	31.9
5.25% series B mandatorily redeemable convertible, $1,000 par value, issued, 500,000 at redemption value	500.0	
Class A special common stock, $1 par value - authorized, 500,000,000 shares; issued, 308,258,612 and 283,281,675	308.3	283.3
Class A common stock, $1 par value - authorized, 200,000,000 shares; issued, 31,793,767 and 33,959,368	31.8	34.0
Class B common stock, $1 par value - authorized, 50,000,000 shares; issued, 8,786,250	8.8	8.8
Additional capital	2,830.3	2,326.6
Accumulated deficit	(2,262.6)	(2,127.1)
Unrealized gains on marketable securities	9.0	0.1
Cumulative translation adjustments	(10.4)	(6.0)
Total stockholders' equity	1,447.1	551.6
	$13,197.0	$12,088.6

See notes to condensed consolidated financial statements.

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

(Amounts in millions, except per share data)

	Six Months Ended June 30, 1997	Six Months Ended June 30, 1996	Three Months Ended June 30, 1997	Three Months Ended June 30, 1996
REVENUES				
Service income	$1,367.9	$1,040.5	$716.8	$539.9
Net sales from electronic retailing	947.4	855.8	467.7	405.7
	2,315.3	1,896.3	1,184.5	945.6
COSTS AND EXPENSES				
Operating	611.3	453.5	313.9	223.7
Cost of goods sold from electronic retailing	570.0	512.4	278.1	242.3
Selling, general and administrative	432.9	364.2	225.1	183.5
Depreciation	221.5	142.7	125.7	74.3
Amortization	240.9	181.6	124.3	93.1
	2,076.6	1,654.4	1,067.1	816.9
OPERATING INCOME	238.7	241.9	117.4	128.7
OTHER (INCOME) EXPENSE				
Interest expense	278.9	268.0	145.6	133.2
Investment income	(88.6)	(47.5)	(76.4)	(28.9)
Equity in net losses of affiliates	126.2	60.3	56.1	25.8
Gain from equity offering of affiliate		(40.6)		(40.6)
Other	4.4	22.9	(4.5)	11.6
	320.9	263.1	120.8	101.1
(LOSS) INCOME BEFORE INCOME TAX EXPENSE, MINORITY INTEREST AND EXTRAORDINARY ITEMS	(82.2)	(21.2)	(3.4)	27.6
INCOME TAX EXPENSE	36.9	24.6	27.0	23.7
(LOSS) INCOME BEFORE MINORITY INTEREST AND EXTRAORDINARY ITEMS	(119.1)	(45.8)	(30.4)	3.9
MINORITY INTEREST	(39.8)	(29.0)	(15.8)	(13.9)
(LOSS) INCOME BEFORE EXTRAORDINARY ITEMS	(79.3)	(16.8)	(14.6)	17.8
EXTRAORDINARY ITEMS	(22.8)	(1.0)	(22.8)	(1.0)
NET (LOSS) INCOME	(102.1)	(17.8)	(37.4)	16.8
PREFERRED DIVIDENDS	(0.8)		(0.4)	
NET (LOSS) INCOME FOR COMMON STOCKHOLDERS	($102.9)	($17.8)	($37.8)	$16.8
ACCUMULATED DEFICIT				
Beginning of period	($2,127.1)	($1,914.3)	($2,205.3)	($1,997.1)
Net (loss) income	(102.1)	(17.8)	(37.4)	16.8
Common dividends - $.0467, $.0467, $.0233 and $.0233 per share	(15.7)	(11.0)	(8.2)	(5.4)
Retirement of common stock	(17.7)	(87.5)	(11.7)	(44.9)
End of period	($2,262.6)	($2,030.6)	($2,262.6)	($2,030.6)
(LOSS) INCOME FOR COMMON STOCKHOLDERS PER COMMON SHARE				
(Loss) income before extraordinary items	($.25)	($.07)	($.05)	$.07
Extraordinary items	(.07)		(.07)	
Net (loss) income	($.32)	($.07)	($.12)	$.07
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING DURING THE PERIOD	325.3	237.6	324.8	235.8

See notes to condensed consolidated financial statements.

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

	(Dollars in millions) Six Months Ended June 30, 1997	1996
OPERATING ACTIVITIES		
Net loss	($102.1)	($17.8)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	221.5	142.7
Amortization	240.9	181.6
Non-cash interest expense, net	26.8	32.2
Equity in net losses of affiliates	126.2	60.3
Gains on long-term investments, net of losses	(65.2)	(16.3)
Gain from equity offering of affiliate		(40.6)
Minority interest	(39.8)	(29.0)
Extraordinary items	22.8	1.0
Deferred income taxes and other	(12.8)	12.2
	418.3	326.3
Decrease in accounts receivable, net	43.4	55.2
(Increase) decrease in inventories, net	(46.9)	0.3
Decrease in other current assets	2.9	0.7
Increase (decrease) in accounts payable and accrued expenses	2.6	(99.3)
Increase in accrued interest	16.1	6.0
Net cash provided by operating activities	436.4	289.2
FINANCING ACTIVITIES		
Proceeds from borrowings	2,958.0	558.3
Retirement and repayment of debt	(2,940.3)	(478.3)
Issuance of preferred stock	500.0	
Issuances of common stock, net	498.5	1.3
Repurchases of common stock, net	(33.6)	(108.3)
Dividends	(16.5)	(11.0)
Deferred financing costs	(43.2)	(1.7)
Other	1.8	(3.1)
Net cash provided by (used in) financing activities	924.7	(42.8)
INVESTING ACTIVITIES		
Acquisitions, net of cash acquired	(125.8)	(46.5)
Proceeds from sales of short-term investments, net	127.2	237.0
Investments, principally in affiliates	(78.5)	(357.4)
Proceeds from sales of and distribution from long-term investments	95.7	91.4
Proceeds from investee's repayment of loan	25.2	
Capital expenditures	(447.1)	(278.9)
Additions to deferred charges	(24.1)	(17.5)
Other	(0.4)	(5.9)
Net cash used in investing activities	(427.8)	(377.8)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	933.3	(131.4)
CASH AND CASH EQUIVALENTS, beginning of period	331.3	539.1
CASH AND CASH EQUIVALENTS, end of period	$1,264.6	$407.7

See notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Basis of Presentation

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Accounting Pronouncements

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

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

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

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

(Loss) Income for Common Stockholders Per Common Share

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

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

Reclassifications

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

3. ACQUISITIONS AND OTHER SIGNIFICANT EVENTS

Microsoft Investment

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

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

Offerings of Subsidiary Debt

On May 8, 1997, Comcast Cellular Holdings, Inc. ("Comcast Cellular"), a wholly owned subsidiary of the Company, completed the sale of $1.0 billion principal amount of 9 1/2% Senior Notes due 2007 (the "Cellular Notes") through a private offering with registration rights. The Cellular Notes are obligations of Comcast Cellular and are not obligations of, nor guaranteed by, the Company. Comcast Cellular used the net proceeds from the offering to repay existing borrowings by its subsidiaries, including its senior participating redeemable zero coupon notes. Collectively, these transactions are referred to herein as the "Cellular Refinancing."

On May 1, 1997, Comcast Cable Communications, Inc. ("Comcast Cable"), a wholly owned subsidiary of the Company, completed the sale of $1.7 billion principal amount of notes (the "Cable Notes") through a private offering with registration rights. The Cable Notes were issued in four tranches: $300.0 million principal amount of 8 1/8% Notes due 2004, $600.0 million principal amount of 8 3/8% Notes due 2007, $550.0 million principal amount of 8 7/8% Notes due 2017 and $250.0 million principal amount of 8 1/2% Notes due 2027. The Notes due 2027 are subject to repurchase at the option of the holder in 2009. The Cable Notes are obligations of Comcast Cable and are not obligations of, nor guaranteed by, the Company. Comcast Cable used substantially all of the net proceeds from the offering to repay existing borrowings by its subsidiaries. Collectively, these transactions are referred to herein as the "Cable Refinancing."

E! Entertainment

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

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

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

Scripps Cable

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

Comcast-Spectacor

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

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

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

	Six Months Ended June 30, 1996
Revenues......................................	$2,046.2
Loss before extraordinary items................	(44.1)
Net loss......................................	(45.1)
Net loss per common share......................	(0.14)

4. INVESTMENTS, PRINCIPALLY IN AFFILIATES

	June 30, 1997	December 31, 1996
	(Dollars in millions)	
Equity method..................	$936.4	$966.1
Public companies...............	92.2	165.5
Privately held companies.......	37.6	46.1
	$1,066.2	$1,177.7

Equity Method
The Company records its proportionate interests in the net income (loss) of substantially all of its investees, other than the UK Investees (see below), three months in arrears. The Company's recorded investments exceed its proportionate interests in the book value of the investees' net assets by $227.6 million as of June 30, 1997 (primarily related to the investments in Comcast-Spectacor and Sprint PCS (see below)). Such excess is being amortized to equity in net income or loss, primarily over a period of twenty years, which is consistent with the estimated lives of the underlying assets. The original cost of investments accounted for under the equity method totaled $1.324 billion and $1.271 billion as of June 30, 1997 and December 31, 1996, respectively. Summarized financial information for the Company's equity method investees is presented below (dollars in millions).

	Sprint PCS	TCGI	UK Investees	Other	Combined
Six Months Ended June 30, 1997:					
Combined Results of Operations					
Revenues, net	$13.6	$184.2	$92.9	$442.3	$733.0
Operating, selling, general and administrative expenses	351.5	171.9	82.2	453.0	1,058.6
Depreciation and amortization	43.8	56.2	36.0	54.1	190.1
Operating loss	(381.7)	(43.9)	(25.3)	(64.8)	(515.7)
Net loss (a)	(398.8)	(87.7)	(44.8)	(89.6)	(620.9)
Company's Equity in Net Loss					
Equity in current period net loss (b)	($59.8)	($14.2)	($16.7)	($31.3)	($122.0)
Amortization expense	(0.1)	(0.4)	(0.3)	(3.4)	(4.2)
Total equity in net loss	($59.9)	($14.6)	($17.0)	($34.7)	($126.2)
Three Months Ended June 30, 1997:					
Combined Results of Operations					
Revenues, net	$9.5	$96.8	$48.4	$241.2	$395.9
Operating, selling, general and administrative expenses	165.9	90.7	42.0	239.1	537.7
Depreciation and amortization	34.4	29.8	18.6	24.1	106.9
Operating loss	(190.8)	(23.7)	(12.2)	(22.0)	(248.7)
Net loss (a)	(215.5)	(45.0)	(22.6)	(38.8)	(321.9)
Company's Equity in Net Loss					
Equity in current period net loss	($32.3)	($7.4)	($8.3)	($6.2)	($54.2)
Amortization expense		(0.2)	(0.2)	(1.5)	(1.9)
Total equity in net loss	($32.3)	($7.6)	($8.5)	($7.7)	($56.1)
Combined Financial Position					
As of June 30, 1997:					
Current assets	$308.9	$657.4	$140.6	$304.1	$1,411.0
Noncurrent assets	4,599.5	1,474.2	706.0	1,268.9	8,048.6
Current liabilities	251.5	206.4	89.5	793.4	1,340.8
Noncurrent liabilities	2,417.9	1,079.5	589.3	543.7	4,630.4

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

	Sprint PCS	TCGI	UK Investees	Other	Combined
Six Months Ended June 30, 1996:					
Combined Results of Operations					
Revenues, net	$	$120.1	$77.1	$248.6	$445.8
Operating, selling, general and administrative expenses	75.5	111.3	71.1	245.4	503.3
Depreciation and amortization	0.3	32.1	28.2	30.8	91.4
Operating loss	(75.8)	(23.3)	(22.2)	(27.6)	(148.9)
Net loss (1)	(152.7)	(51.1)	(36.2)	(39.8)	(279.8)
Company's Equity in Net Loss					
Equity in current period net loss	($22.9)	($9.7)	($14.8)	($10.7)	($58.1)
Amortization income (expense)	0.6	(0.8)		(2.0)	(2.2)
Total equity in net loss	($22.3)	($10.5)	($14.8)	($12.7)	($60.3)
Three Months Ended June 30, 1996:					
Combined Results of Operations					
Revenues, net	$	$63.7	$34.5	$126.5	$224.7
Operating, selling, general and administrative expenses	30.7	59.0	32.0	121.7	243.4
Depreciation and amortization	0.3	16.8	12.8	14.7	44.6
Operating loss	(31.0)	(12.1)	(10.3)	(9.9)	(63.3)
Net loss (1)	(67.4)	(26.0)	(15.9)	(16.9)	(126.2)
Company's Equity in Net Loss					
Equity in current period net loss	($10.1)	($4.9)	($6.2)	($4.2)	($25.4)
Amortization income (expense)	0.6	(0.5)		(0.5)	(0.4)
Total equity in net loss	($9.5)	($5.4)	($6.2)	($4.7)	($25.8)

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(1) Net loss also represents loss from continuing operations before extraordinary items and cumulative effect of changes in accounting principle.

(2) As a result of the E! Acquisition, the Company recorded a charge representing the cumulative amount that would have been recorded had the Company accounted for its investment in E! Entertainment under the equity method since the date of initial investment (the "Cumulative Charge"). Since the Company's proportionate share of E! Entertainment's cumulative losses was in excess of the Company's historical cost basis in E! Entertainment and as the Company was under no contractual obligation to fund the losses of E! Entertainment, the Cumulative Charge was limited to the Company's historical cost basis of $12.1 million. Such amount is included in equity in net losses of affiliates in the Company's condensed consolidated statement of operations and accumulated deficit for the six months ended June 30, 1997 as it is not significant for restatement of the Company's prior year financial statements.

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

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

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

As of June 30, 1997, the Company owns TCGI Class B Stock representing a 19.8% voting interest and a 15.5% equity interest. The Company continues to account for its interest in TCGI under the equity method based on its voting interest maintained through the TCGI Class B Stock, its representation on TCGI's board of directors and its participation in a TCGI stockholder agreement granting certain rights to a control group. Assuming conversion of the TCGI Class B Stock held by the Company into TCGI Class A Stock, the Company's investment in TCGI, which had a carrying value of $131.1 million as of June 30, 1997, would have a fair value of approximately $1.009 billion, based on the quoted market price of the TCGI Class A Stock as of July 31, 1997.

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

Other. The Company's 11 other equity method investees include investments in wired telecommunications (including Garden State Cablevision, L.P., a cable communications company serving 207,000 subscribers as of June 30, 1997 in the State of New Jersey), wireless telecommunications (including Primestar - see below) and content providers (including Comcast-Spectacor - see Note 3). The Company holds interests representing less than 20% of the total outstanding ownership interest in certain of its other equity method investees. The equity method of accounting is utilized for these investments based on the type of investment (i.e. general partnership interest), board representation, participation in a controlling investor group, significant shareholder rights or a combination of these and other factors. In addition, the Company's 66% interest in Comcast- Spectacor is accounted for under the equity method since the Company does not have control over Comcast- Spectacor's operations. The Company does not consider these other equity method investments to be individually significant to its consolidated financial position, results of operations or liquidity.

Roll-up of Primestar's Operations. In June 1997, the Company entered into a binding letter agreement (the "Roll-up Agreement") with PRIMESTAR Partners L.P. ("Primestar") and the affiliates of each of the other partners of Primestar, including TCI Satellite Entertainment, Inc. ("TSAT"), a publicly-traded company. Primestar, in which the Company holds a 10.4% general and limited partnership interest, is principally engaged in the business of acquiring, originating and/or providing television programming services delivered by satellite through a network of distributors, including the Company, throughout the United States. The Roll-up Agreement sets forth the principal terms and conditions of a proposed transaction (the "Roll-up Transaction"), through which the Company's direct broadcast satellite ("DBS") operations, Primestar and the Primestar-related distribution businesses of the other partners of Primestar will be consolidated into a newly-formed publicly-traded company ("New Primestar"). In connection with the Roll-up Transaction, TSAT will become a wholly owned subsidiary of New Primestar. The Company provided DBS services, through a distributorship arrangement with Primestar, to 152,000 subscribers as of June 30, 1997.

New Primestar will acquire the Primestar partnership interests, subscribers and related assets, as applicable, of the parties to the Roll-up Transaction, in exchange for (i) cash, (ii) shares of Series A Common Stock of New Primestar and (iii) shares of Series C Common Stock of New Primestar, in each case in an amount determined pursuant to the Roll-up Agreement. The Company will continue to market and support the Primestar programming services on an agency basis after consummation of the Roll-up Transaction; however, the terms of such arrangement have not yet been determined. Under the terms of the Roll-up Agreement, upon closing of the Roll-up Transaction, the Company is expected to receive approximately $90 million in cash and to own approximately 10% of New Primestar common equity, subject to adjustments based on the number of subscribers, inventory amounts and other factors. As of June 30, 1997, assets of the Company's DBS operations totaled $138.2 million.

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

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

@Home. On July 11, 1997 (the "@Home IPO Date"), At Home Corporation ("@Home"), an equity method investee of the Company, completed an initial public offering of its Series A Common Stock. @Home provides Internet services to customers and businesses over the cable television infrastructure in a limited number of cities in the United States. During the third quarter of 1997, due to the dilution of the Company's equity and voting interest and other factors, the Company expects to discontinue the equity method of accounting for its investment in @Home. As of the @Home IPO Date, the Company held 14.6 million shares of @Home Series A Common Stock, representing a 12.2% and 5.7% equity and voting interest, respectively.

Investments - Public Companies

The Company holds unrestricted equity investments in certain publicly traded companies, including its investments in Nextel Communications, Inc. ("Nextel") and Time Warner (see below), with an historical cost of $140.3 million and $212.7 million as of June 30, 1997 and December 31, 1996, respectively. The Company has recorded these investments, which are classified as available for sale, at their estimated fair values of $154.2 million and $212.9 million as of June 30, 1997 and December 31, 1996, respectively. The unrealized pre-tax gains as of June 30, 1997 and December 31, 1996 of $13.9 million and $0.2 million, respectively, have been reported in the Company's condensed consolidated balance sheet as a component of stockholders' equity, net of related deferred income tax expense of $4.9 million and $0.1 million, respectively.

As of June 30, 1997 and December 31, 1996, the Company held 3.3 million shares of Nextel common stock. In addition, as of December 31, 1996, the Company held options to acquire an additional 25.0 million shares of Nextel common stock at $16 per share. As of December 31, 1996, these options, which had an historical cost of $20.0 million, were included in investments in publicly traded companies at their fair value of $32.6 million. In February 1997, the Company sold these options to Nextel for $25.0 million and recognized a pre-tax gain of $5.0 million, which is included in investment income in its condensed consolidated statement of operations and accumulated deficit for the six months ended June 30, 1997. In July 1997, the Company sold its 3.3 million shares of Nextel common stock for $73.4 million resulting in a pre-tax gain of $32.1 million, which will be recognized in the third quarter of 1997. Accordingly, as of June 30, 1997, the Company's investment in Nextel, which is recorded at its fair value of $62.1 million, is included in short-term investments in the Company's condensed consolidated balance sheet.

In February 1996, in connection with certain preemptive rights of the Company under previously existing agreements with Nextel, the Company purchased 8.16 million shares of Nextel common stock at $12.25 per share, for $99.9 million. During the three months ended June 30, 1996, the Company sold 4.4 million shares of Nextel common stock for $85.6 million and recognized a pre-tax gain of $29.7 million, which is included in investment income in its condensed consolidated statement of operations and accumulated deficit for the six and three months ended June 30, 1996.

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

5. LONG-TERM DEBT

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

1997 (1)...............................	$560.9
1998...................................	117.6
1999...................................	207.4
2000...................................	301.7
2001...................................	577.8

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(1) Represents maturities of long-term debt for the remaining six months of 1997, which includes $527.0 million of optional debt repayments made in July 1997 (see below).

As of June 30, 1997 and December 31, 1996, the Company's effective weighted average interest rate on its long-term debt outstanding was 8.02% and 7.68%, respectively.

On June 30, 1997, the Company redeemed all of its outstanding 10% Subordinated Debentures, due 2003 (the "10% Debentures"). An aggregate principal amount of $139.3 million of the 10% Debentures was redeemed at a redemption price of 100% of the principal amount thereof, together with accrued interest thereon. On the date of redemption, the 10% Debentures had an accreted value of $127.7 million.

In connection with the Cable Refinancing, the Cellular Refinancing and the redemption of the 10% Debentures, the Company expensed unamortized debt acquisition costs and incurred debt extinguishment costs of $35.1 million, resulting in an extraordinary loss, net of tax, of $22.8 million or $0.07 per common share during the six and three months ended June 30, 1997.

In July 1997, the Company made optional debt repayments aggregating $527.0 million with existing cash, cash equivalents and short-term investments. Current portion of long-term debt as of June 30, 1997 includes such amount. As a result of these debt repayments, the Company will expense unamortized debt acquisition costs of $3.5 million, resulting in an extraordinary loss, net of tax, of $2.3 million in the third quarter of 1997.

As of July 31, 1997, certain subsidiaries of the Company had unused lines of credit of $1.129 billion. The availability and use of the unused lines of credit is restricted by the covenants of the related debt agreements and to subsidiary general purposes and dividend declaration. The Company continually evaluates its debt structure with the intention of reducing its debt service requirements when desirable.

6. STOCKHOLDERS' EQUITY

Concurrent with the announcement of the Scripps Acquisition in October 1995, the Company announced that its Board of Directors authorized a market repurchase program (the "Repurchase Program") pursuant to which the Company could purchase, at such times and on such terms as it deemed appropriate, up to $500.0 million of its outstanding common equity securities, subject to certain restrictions and market conditions. Based on the trade date for stock repurchases, during the six and three months ended June 30, 1997 and 1996, the Company repurchased 2.3 million shares, 6.5 million shares, 1.6 million shares and 3.3 million shares, respectively, of its common stock for aggregate consideration of $36.2 million, $116.6 million, $24.7 million and $59.9 million, respectively, pursuant to the Repurchase Program. During the term of the Repurchase Program, which terminated on May 13, 1997, the Company repurchased a total of 13.5 million shares of its common stock for aggregate consideration of $228.6 million.

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

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

7. STATEMENT OF CASH FLOWS - SUPPLEMENTAL INFORMATION

The Company made cash payments for interest of $233.8 million, $229.7 million, $116.7 million and $127.7 million during the six and three months ended June 30, 1997 and 1996, respectively.

The Company made cash payments for income taxes of $75.0 million, $62.2 million, $56.7 million and $46.9 million during the six and three months ended June 30, 1997 and 1996, respectively.

8. CONTINGENCIES

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

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

	Domestic Cable Communications	Electronic Retailing	Cellular Communications	Other (1)	Total
Six Months Ended June 30, 1997					
Revenues, net........................	$1,021.9	$947.4	$220.3	$125.7	$2,315.3
Depreciation and amortization........	306.8	51.6	61.5	42.5	462.4
Operating income (loss).............	169.9	103.0	27.1	(61.3)	238.7
Interest expense.....................	119.9	27.9	52.1	79.0	278.9
Capital expenditures.................	251.5	41.1	57.9	96.6	447.1
Equity in net losses of affiliates...				126.2	126.2
Three Months Ended June 30, 1997					
Revenues, net........................	$520.8	$467.7	$116.2	$79.8	$1,184.5
Depreciation and amortization........	168.0	24.8	31.5	25.7	250.0
Operating income (loss).............	78.4	50.7	19.4	(31.1)	117.4
Interest expense.....................	63.2	13.9	28.1	40.4	145.6
Capital expenditures.................	144.9	26.1	40.0	56.1	267.1
Equity in net losses of affiliates...				56.1	56.1
As of June 30, 1997					
Assets...............................	$6,067.2	$2,144.6	$1,461.9	$3,523.3	$13,197.0
Long-term debt, less current portion.	2,584.8	811.0	1,149.7	2,241.2	6,786.7
Six Months Ended June 30, 1996					
Revenues, net........................	$778.3	$855.8	$207.1	$55.1	$1,896.3
Depreciation and amortization........	192.6	51.9	56.8	23.0	324.3
Operating income (loss).............	190.6	87.5	14.3	(50.5)	241.9
Interest expense.....................	110.8	35.1	44.0	78.1	268.0
Capital expenditures.................	137.9	19.5	36.6	84.9	278.9
Equity in net losses (income) of affiliates......................	0.1	(0.1)		60.3	60.3
Three Months Ended June 30, 1996					
Revenues, net........................	$396.0	$405.7	$108.9	$35.0	$945.6
Depreciation and amortization........	97.3	25.7	30.5	13.9	167.4
Operating income (loss).............	101.8	41.3	12.1	(26.5)	128.7
Interest expense.....................	54.1	16.9	23.2	39.0	133.2
Capital expenditures.................	83.9	13.4	21.7	48.5	167.5
Equity in net losses (income) of affiliates......................		(0.1)		25.9	25.8

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

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

Overview

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

General Developments of Business

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

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

Offerings of Subsidiary Debt
On May 8, 1997, Comcast Cellular Holdings, Inc. ("Comcast Cellular"), a wholly owned subsidiary of the Company, completed the sale of $1.0 billion principal amount of 9 1/2% Senior Notes due 2007 (the "Cellular Notes") through a private offering with registration rights. The Cellular Notes are obligations of Comcast Cellular and are not obligations of, nor guaranteed by, the Company. Comcast Cellular used the net proceeds from the offering to repay existing borrowings by its subsidiaries, including its senior participating redeemable zero coupon notes. Collectively, these transactions are referred to herein as the "Cellular Refinancing."

On May 1, 1997, Comcast Cable Communications, Inc. ("Comcast Cable"), a wholly owned subsidiary of the Company, completed the sale of $1.7 billion principal amount of notes (the "Cable Notes") through a private offering with registration rights. The Cable Notes were issued in four tranches: $300.0 million principal amount of 8 1/8% Notes due 2004, $600.0 million principal amount of 8 3/8% Notes due 2007, $550.0 million principal amount of 8 7/8% Notes due 2017 and $250.0 million principal amount of 8 1/2% Notes due 2027. The Notes due 2027 are subject to repurchase at the option of the holder in 2009. The Cable Notes are obligations of Comcast Cable and are not obligations of, nor guaranteed by, the Company. Comcast Cable used substantially all of the net proceeds from the offering to repay existing borrowings by its subsidiaries. Collectively, these transactions are referred to herein as the "Cable Refinancing."

E! Entertainment
On March 31, 1997, the Company, through Comcast Entertainment Holdings LLC (the "LLC"), which is owned 50.1% by the Company and 49.9% by The Walt Disney Company ("Disney"), purchased a 58.4% interest in E! Entertainment Television, Inc. ("E! Entertainment"), an entertainment programming service distributed to more than 42 million

subscribers, from Time Warner, Inc. ("Time Warner") for $321.9 million (the "E! Acquisition"). The E! Acquisition was funded by cash contributions to the LLC by the Company and Disney of $132.8 million and $189.1 million, respectively. In connection with the E! Acquisition, the Company contributed its 10.4% interest in E! Entertainment to the LLC. Following these transactions, the LLC owns a 68.8% interest in E! Entertainment. To fund the cash contribution to the LLC, the Company borrowed $132.8 million from Disney in the form of two 10-year, 7% notes (the "Disney Notes").

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

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

Scripps Cable

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

Comcast-Spectacor

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

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

Liquidity and Capital Resources

Cash, Cash Equivalents and Short-term Investments

The Company has traditionally maintained significant levels of cash, cash equivalents and short-term investments to meet its short-term liquidity requirements. Cash, cash equivalents and short-term investments as of June 30, 1997 were $1.409 billion. As of June 30, 1997, $276.6 million of the Company's cash, cash equivalents and short-term investments was restricted to use by subsidiaries of the Company under contractual or other arrangements, including $132.5 million which is restricted to use by Comcast UK Cable Partners Limited ("Comcast UK Cable").

The Company's cash, cash equivalents and short-term investments are recorded at cost which approximates their fair value. As of June 30, 1997, the Company's short-term investments of $144.4 million include 3.3 million shares of Nextel Communications, Inc. ("Nextel") common stock recorded at their fair value of $62.1 million (see "Investments"). The remaining short-term investments of $82.3 million had a weighted average maturity of approximately 13 months. However, due to the high degree of liquidity and the intent of management to use these investments as needed to fund its commitments, the Company considers these current assets.

Investments

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

Under the provisions of the Sprint PCS partnership agreement, the Partner Subsidiaries have committed to contribute $4.2 billion in cash to Sprint PCS through 1999, of which the Company's share is $630.0 million. Of this funding requirement, the Company has made total cash contributions to Sprint PCS of $501.3 million through July 31, 1997 and issued a $105.0 million guaranty on a portion of Sprint PCS' outstanding debt, which may be satisfied through making additional contributions to Sprint PCS under the remaining cash commitment. The Company anticipates that Sprint PCS' capital requirements over the next several years will be significant. Requirements in excess of committed capital are planned to be funded by Sprint PCS through external financing, including, but not limited to, vendor financing, bank financing and securities offered to the public. In August 1996, Sprint PCS sold $750.0 million principal amount at maturity of Senior Notes and Senior Discount Notes due 2006 in a public offering. In October 1996, Sprint PCS closed three credit agreements providing a total of $5.1 billion in available financing, including $2.0 billion in bank financing and $3.1 billion in vendor financing. The timing of the Company's remaining capital contributions to Sprint PCS is dependent upon a number of factors, including Sprint PCS' working capital requirements. The Company anticipates funding its remaining capital commitments to Sprint PCS through its cash flows from operating activities, its existing cash, cash equivalents, short-term investments and lines of credit or other external financing, or by a combination of these sources.

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

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

As of June 30, 1997, the Company owns TCGI Class B Stock representing a 19.8% voting interest and a 15.5% equity interest. The Company continues to account for its interest in TCGI under the equity method based on its voting interest maintained through the TCGI Class B Stock, its representation on TCGI's board of directors and its participation in a TCGI stockholder agreement granting certain rights to a control group. Assuming conversion of the TCGI Class B Stock held by the Company into TCGI Class A Stock, the Company's investment in TCGI, which had a carrying value of $131.1 million as of June 30, 1997, would have a fair value of approximately $1.009 billion, based on the quoted market price of the TCGI Class A Stock as of July 31, 1997.

Roll-up of Primestar's Operations. In June 1997, the Company entered into a binding letter agreement (the "Roll-up Agreement") with PRIMESTAR Partners L.P. ("Primestar") and the affiliates of each of the other partners of Primestar, including TCI Satellite Entertainment, Inc. ("TSAT"), a publicly-traded company. Primestar, in which the Company holds a 10.4% general and limited partnership interest, is principally engaged in the business of acquiring, originating and/or providing television programming services delivered by satellite through a network of distributors, including the Company, throughout the United States. The Roll-up Agreement sets forth the principal terms and conditions of a proposed transaction (the "Roll-up Transaction"), through which the Company's direct broadcast satellite ("DBS") operations, Primestar and the Primestar-related distribution businesses of the other partners of Primestar will be consolidated into a newly-formed publicly-traded company ("New Primestar"). In connection with the Roll-up Transaction, TSAT will become a wholly owned subsidiary of New Primestar. The Company provided DBS services, through a distributorship arrangement with Primestar, to 152,000 subscribers as of June 30, 1997.

New Primestar will acquire the Primestar partnership interests, subscribers and related assets, as applicable, of the parties to the Roll-up Transaction, in exchange for (i) cash, (ii) shares of Series A Common Stock of New Primestar and (iii) shares of Series C Common Stock of New Primestar, in each case in an amount determined pursuant to the Roll-up Agreement. The Company will continue to market and support the Primestar programming services on an agency basis after consummation of the Roll-up Transaction; however, the terms of such arrangement have not yet been determined. Under the terms of the Roll-up Agreement, upon closing of the Roll-up Transaction, the Company is expected to receive approximately $90 million in cash and to own approximately 10% of New Primestar common equity, subject to adjustments based on the number of subscribers, inventory amounts and other factors. As of June 30, 1997, assets of the Company's DBS operations totaled $138.2 million.

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

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

@Home. On July 11, 1997 (the "@Home IPO Date"), At Home Corporation ("@Home"), an equity method investee of the Company, completed an initial public offering of its Series A Common Stock. @Home provides Internet services to customers and businesses over the cable television infrastructure in a limited number of cities in the United States. During the third quarter of 1997, due to the dilution of the Company's equity and voting interest and other factors, the Company expects to discontinue the equity method of accounting for its investment in @Home. As of the @Home IPO Date, the Company held 14.6 million shares of @Home Series A Common Stock, representing a 12.2% and 5.7% equity and voting interest, respectively.

Nextel. As of June 30, 1997 and December 31, 1996, the Company held 3.3 million shares of Nextel common stock. In addition, as of December 31, 1996, the Company held options to acquire an additional 25.0 million shares of Nextel common stock at $16 per share. As of December 31, 1996, these options, which had an historical cost of $20.0 million, were included in investments in publicly traded companies at their fair value of $32.6 million. In February 1997, the Company sold these options to Nextel for $25.0 million and recognized a pre-tax gain of $5.0 million, which is included in investment income in its condensed consolidated statement of operations and accumulated deficit for the six months ended June 30, 1997. In July 1997, the Company sold its 3.3 million shares of Nextel common stock for $73.4 million resulting in a pre-tax gain of $32.1 million, which will be recognized in the third quarter of 1997. Accordingly, as of June 30, 1997, the Company's investment in Nextel, which is recorded at its fair value of $62.1 million, is included in short-term investments in the Company's condensed consolidated balance sheet.

In February 1996, in connection with certain preemptive rights of the Company under previously existing agreements with Nextel, the Company purchased 8.16 million shares of Nextel common stock at $12.25 per share, for $99.9 million. During the three months ended June 30, 1996, the Company sold 4.4 million shares of Nextel common stock for $85.6 million and recognized a pre-tax gain of $29.7 million (the "Nextel Gain"), which is included in investment income in its condensed consolidated statement of operations and accumulated deficit for the six and three months ended June 30, 1996.

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

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

Financing

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

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

1997 (1)............................	$560.9
1998................................	117.6
1999................................	207.4
2000................................	301.7
2001................................	577.8

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(1) Represents maturities of long-term debt for the remaining six months of 1997, which includes $527.0 million of optional debt repayments made in July 1997 (see below).

As of June 30, 1997 and December 31, 1996, the Company's effective weighted average interest rate on its long-term debt outstanding was 8.02% and 7.68%, respectively.

On June 30, 1997, the Company redeemed all of its outstanding 10% Subordinated Debentures, due 2003 (the "10% Debentures"). An aggregate principal amount of $139.3 million of the 10% Debentures was redeemed at a redemption price of 100% of the principal amount thereof, together with accrued interest thereon. On the date of redemption, the 10% Debentures had an accreted value of $127.7 million.

In July 1997, the Company made optional debt repayments aggregating $527.0 million with existing cash, cash equivalents and short-term investments. Current portion of long-term debt as of June 30, 1997 includes such amount. As a result of these debt repayments, the Company will expense unamortized debt acquisition costs of $3.5 million, resulting in an extraordinary loss, net of tax, of $2.3 million in the third quarter of 1997.

As of July 31, 1997, certain subsidiaries of the Company had unused lines of credit of $1.129 billion. The availability and use of the unused lines of credit is restricted by the covenants of the related debt agreements and to subsidiary general purposes and dividend declaration. The Company continually evaluates its debt structure with the intention of reducing its debt service requirements when desirable.

Concurrent with the announcement of the Scripps Acquisition in October 1995, the Company announced that its Board of Directors authorized a market repurchase program (the "Repurchase Program") pursuant to which the Company could purchase, at such times and on such terms as it deemed appropriate, up to $500.0 million of its outstanding common equity securities, subject to certain restrictions and market conditions. Based on the trade date for stock repurchases, during the six and three months ended June 30, 1997 and 1996, the Company repurchased 2.3 million shares, 6.5 million shares, 1.6 million shares and 3.3 million shares, respectively, of its common stock for aggregate consideration of $36.2 million, $116.6 million, $24.7 million and $59.9 million, respectively, pursuant to the Repurchase Program. During the term of the Repurchase Program, which terminated on May 13, 1997, the Company repurchased a total of 13.5 million shares of its common stock for aggregate consideration of $228.6 million.

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

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

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

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

Statement of Cash Flows

Cash and cash equivalents increased $933.3 million as of June 30, 1997 from December 31, 1996 and decreased $131.4 million as of June 30, 1996 from December 31, 1995. Changes in cash and cash equivalents resulted from cash flows from operating, financing and investing activities which are explained below.

Net cash provided by operating activities amounted to $436.4 million and $289.2 million for the six months ended June 30, 1997 and 1996, respectively. The increase of $147.2 million is principally due to the increase in the Company's operating income before depreciation and amortization (see "Results of Operations"), including the effects of the Scripps Acquisition, and changes in working capital as a result of the timing of receipts and disbursements.

Net cash provided by (used in) financing activities was $924.7 million and ($42.8) million for the six months ended June 30, 1997 and 1996, respectively. During the six months ended June 30, 1997, the Company borrowed $2.958 billion, including the Cable Notes of $1.691 billion, the Cellular Notes of $998.4 million, the Disney Notes of $132.8 million and borrowings under its existing lines of credit, and repaid $2.940 billion of its long-term debt, including $1.665 billion relating to the Cable Refinancing, $981.8 million relating to the Cellular Refinancing and $139.3 million relating to the redemption of the 10% Debentures. Deferred financing costs of $43.2 million were incurred during the six months ended June 30, 1997 related to the issuance of the Cable Notes and the Cellular Notes. In addition, during the six months ended June 30, 1997, the Company received $1.0 billion from Microsoft for the issuance of its Class A Special Stock and Series B Preferred Stock and repurchased $33.6 million of its common stock. During the six months ended June 30, 1996, the Company borrowed $558.3 million under its existing lines of credit and repaid $478.3 million, including the effects of refinancings and $88.9 million of repayments under a vendor financing arrangement. In addition, the Company repurchased $108.3 million of its common stock during the six months ended June 30, 1996.

Net cash used in investing activities was $427.8 million and $377.8 million for the six months ended June 30, 1997 and 1996, respectively. During the six months ended June 30, 1997, net cash used in investing activities includes the E! Acquisition, net of cash acquired, of $118.7 million, investments in affiliates of $78.5 million and capital expenditures of $447.1 million, offset by the proceeds from the sales of short-term and long-term investments and a distribution from an investee of $222.9 million and Sprint PCS' repayment of a $25.2 million loan. During the six months ended June 30, 1996, net cash used in investing activities includes investments in affiliates of $357.4 million, including $125.0 million for the purchase of the Sixers and capital contributions to Sprint PCS of $69.3 million, and capital expenditures of $278.9 million, offset by proceeds from the sales of short-term and long-term investments of $328.4 million.

Results of Operations

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

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

	Six Months Ended June 30, 1997	1996	Increase / (Decrease) $	%
Revenues	$2,315.3	$1,896.3	$419.0	22.1%
Cost of goods sold from electronic retailing	570.0	512.4	57.6	11.2
Operating, selling, general and administrative expenses	1,044.2	817.7	226.5	27.7
Operating income before depreciation and amortization (1)	701.1	566.2	134.9	23.8
Depreciation	221.5	142.7	78.8	55.2
Amortization	240.9	181.6	59.3	32.7
Operating income	238.7	241.9	(3.2)	(1.3)
Interest expense	278.9	268.0	10.9	4.1
Investment income	(88.6)	(47.5)	41.1	86.5
Equity in net losses of affiliates	126.2	60.3	65.9	NM
Gain from equity offering of affiliate		(40.6)	(40.6)	NM
Other	4.4	22.9	(18.5)	(80.8)
Income tax expense	36.9	24.6	12.3	50.0
Minority interest	(39.8)	(29.0)	10.8	37.2
Extraordinary items	(22.8)	(1.0)	21.8	NM
Net loss	($102.1)	($17.8)	$84.3	NM

	Three Months Ended June 30, 1997	1996	Increase / (Decrease) $	%
Revenues	$1,184.5	$945.6	$238.9	25.3%
Cost of goods sold from electronic retailing	278.1	242.3	35.8	14.8
Operating, selling, general and administrative expenses	539.0	407.2	131.8	32.4
Operating income before depreciation and amortization (1)	367.4	296.1	71.3	24.1
Depreciation	125.7	74.3	51.4	69.2
Amortization	124.3	93.1	31.2	33.5
Operating income	117.4	128.7	(11.3)	(8.8)
Interest expense	145.6	133.2	12.4	9.3
Investment income	(76.4)	(28.9)	47.5	NM
Equity in net losses of affiliates	56.1	25.8	30.3	NM
Gain from equity offering of affiliate		(40.6)	(40.6)	NM
Other	(4.5)	11.6	(16.1)	NM
Income tax expense	27.0	23.7	3.3	13.9
Minority interest	(15.8)	(13.9)	1.9	13.7
Extraordinary items	(22.8)	(1.0)	21.8	NM
Net (loss) income	($37.4)	$16.8	($54.2)	NM

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

should not be considered as an alternative to such measurements as an indicator of the Company's performance. See "Statement of Cash Flows" above for a discussion of net cash provided by operating activities.

Operating Results by Business Segment

Domestic Cable Communications

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

	Six Months Ended June 30,		Increase	
	1997	1996	$	%
Service income	$1,021.9	$929.1	$92.8	10.0%
Operating, selling, general and administrative expenses	545.2	479.4	65.8	13.7
Operating income before depreciation and amortization (a)	$476.7	$449.7	$27.0	6.0%

	Three Months Ended June 30,		Increase	
	1997	1996	$	%
Service income	$520.8	$471.8	$49.0	10.4%
Operating, selling, general and administrative expenses	274.4	238.8	35.6	14.9
Operating income before depreciation and amortization (a)	$246.4	$233.0	$13.4	5.8%

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(a) See footnote (1) on page 23.

Of the respective $92.8 million and $49.0 million increases in service income for the six and three month periods from 1996 to 1997, $19.6 million and $9.6 million are attributable to subscriber growth, $61.3 million and $29.3 million relate to changes in rates and $11.9 million and $10.1 million relate to other product offerings.

Of the respective $65.8 million and $35.6 million increases in operating, selling, general and administrative expenses for the six and three month periods from 1996 to 1997, $17.1 million and $9.5 million are attributable to increases in the costs of cable programming as a result of subscriber growth, additional channel offerings and changes in rates, $11.1 million and $5.1 million are attributable to increases in costs associated with customer service and $37.6 million and $21.0 million result from increases in the cost of labor, other volume related expenses and costs associated with new product offerings. It is anticipated that the Company's cost of cable programming will increase in the future as cable programming rates increase and additional sources of cable programming become available.

Electronic Retailing

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

	Six Months Ended June 30, 1997	1996	Increase $	%
Net sales from electronic retailing	$947.4	$855.8	$91.6	10.7%
Cost of goods sold from electronic retailing	570.0	512.4	57.6	11.2
Operating, selling, general and administrative expenses	222.8	204.0	18.8	9.2
Operating income before depreciation and amortization (a)	$154.6	$139.4	$15.2	10.9%
Gross margin	39.8%	40.1%		

	Three Months Ended June 30, 1997	1996	Increase $	%
Net sales from electronic retailing	$467.7	$405.7	$62.0	15.3%
Cost of goods sold from electronic retailing	278.1	242.3	35.8	14.8
Operating, selling, general and administrative expenses	114.1	96.4	17.7	18.4
Operating income before depreciation and amortization (a)	$75.5	$67.0	$8.5	12.7%
Gross margin	40.5%	40.3%		

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(a) See footnote (1) on page 23.

The respective increases in net sales from electronic retailing of $91.6 million and $62.0 million for the six and three month periods from 1996 to 1997 are primarily attributable to the effects of a 7.1% increase during each period in the average number of homes receiving QVC services in the United States and 13.7% and 13.5% increases, respectively, in the average number of homes receiving QVC services in the United Kingdom.

The increases in cost of goods sold from electronic retailing are primarily related to the growth in net sales. The changes in gross margin from 1996 to the same period in 1997 are a result of changes in product mix and an increase in shipping and handling costs.

Of the respective increases in operating, selling, general and administrative expenses of $18.8 million and $17.7 million for the six and three month periods from 1996 to 1997, $13.6 million and $7.3 million are primarily attributable to start-up costs incurred by QVC in Germany, which began operations in the fourth quarter of 1996. The remaining increases of $5.2 million and $10.4 million are primarily attributable to higher sales volume offset, in part, by the reduction in expenses realized upon consolidation of QVC's multichannel operations and an increase in net finance fee income from credit card operations for the six month period from 1996 to 1997.

Cellular Communications

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

	Six Months Ended June 30, 1997	1996	Increase/(Decrease) $	%
Service income	$220.3	$207.1	$13.2	6.4%
Operating, selling, general and administrative expenses	131.7	136.0	(4.3)	(3.2)
Operating income before depreciation and amortization (a)	$88.6	$71.1	$17.5	24.6%

	Three Months Ended June 30, 1997	1996	Increase/(Decrease) $	%
Service income	$116.2	$108.9	$7.3	6.7%
Operating, selling, general and administrative expenses	65.3	66.3	(1.0)	(1.5)
Operating income before depreciation and amortization (a)	$50.9	$42.6	$8.3	19.5%

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(a) See footnote (1) on page 23.

Of the respective $13.2 million and $7.3 million increases in service income for the six and three month periods from 1996 to 1997, $14.6 million and $6.1 million are attributable to the Company's subscriber growth and $7.3 million and $4.9 million are attributable to roamer growth. Offsetting these increases are decreases of $8.7 million and $3.7 million resulting primarily from a reduction in the average rate per minute of use and the average minutes of use per subscriber from 1996 to the same periods in 1997.

The respective $4.3 million and $1.0 million decreases in operating, selling, general and administrative expenses for the six and three month periods from 1996 to 1997 are primarily attributable to expense reductions achieved through implementation of fraud management programs and a reduction in commission costs resulting from fewer gross sales in 1997 as compared to the same periods in 1996. These reductions were partially offset by increases in volume related expenses resulting from subscriber growth.

Consolidated Analysis

The respective $78.8 million and $51.4 million increases in depreciation expense for the six and three month periods from 1996 to 1997 are primarily attributable to the effects of the Scripps Acquisition and the effects of capital expenditures.

The respective $59.3 million and $31.2 million increases in amortization expense for the six and three month periods from 1996 to 1997 are primarily attributable to the effects of the Scripps Acquisition.

The respective $10.9 million and $12.4 million increases in interest expense for the six and three month periods from 1996 to 1997 are attributable to increased levels of debt and changes in the Company's weighted average interest rate. The Company anticipates that, for the foreseeable future, interest expense will be a significant cost to the Company and will have a significant adverse effect on the Company's ability to realize net earnings. The Company believes it will continue to be able to meet its obligations through its ability both to generate operating income before depreciation and amortization and to obtain external financing.

The respective $41.1 million and $47.5 million increases in investment income for the six and three month periods from 1996 to 1997 are primarily attributable to the TCGI Class A Gain recognized in 1997, offset by the Nextel Gain recognized in 1996.

The respective $65.9 million and $30.3 million increases in equity in net losses of affiliates for the six and three month periods from 1996 to 1997 are primarily due to the effects of increased losses incurred by Sprint PCS, TCGI and certain of the Company's other equity investees, and the effects of the E! Acquisition (see below) and the Sports Venture Acquisition. Based on Sprint PCS' current operations and business plan, the Company anticipates that its proportionate share of Sprint PCS' losses will be significant in future periods. In addition, as a result of the E! Acquisition, the Company recorded a charge representing the cumulative amount that would have been recorded had the Company accounted for its investment in E! Entertainment under the equity method since the date of initial investment (the "Cumulative Charge"). Since the Company's proportionate share of E! Entertainment's cumulative losses was in excess of the Company's historical cost basis in E! Entertainment and as the Company was under no contractual obligation to fund the losses of E! Entertainment, the Cumulative Charge was limited to the Company's historical cost basis of $12.1 million. Such amount is included in equity in net losses of affiliates in the Company's condensed consolidated statement of operations and accumulated deficit for the six months ended June 30, 1997 as it is not significant for restatement of the Company's prior year financial statements.

Gain from equity offering of affiliate for the six and three months ended June 30, 1996 represents the TCGI IPO Gain.

The respective $18.5 million and $16.1 million decreases in other expenses for the six and three month periods from 1996 to 1997 are primarily attributable to the settlement of certain litigation during the six months ended June 30, 1996.

The $12.3 million increase in income tax expense for the six month period from 1996 to 1997 is primarily a result of an increase in state income tax expense due to increases in the net income of certain of the Company's subsidiaries, increases in non-deductible foreign losses and equity in net losses of affiliates and increased goodwill amortization resulting from the Scripps Acquisition, offset by the effect of the increase in the Company's loss before income tax expense, minority interest and extraordinary items.

The $10.8 million increase in minority interest for the six month period from 1996 to 1997 is primarily attributable to the effects of changes in the net income (loss) of QVC and Comcast UK Cable.

In connection with the Cable Refinancing, the Cellular Refinancing and the redemption of the 10% Debentures, the Company expensed unamortized debt acquisition costs and incurred debt extinguishment costs of $35.1 million, resulting in an extraordinary loss, net of tax, of $22.8 million or $0.07 per common share during the six and three months ended June 30, 1997.

For the six and three months ended June 30, 1997 and 1996, the Company's distribution from an investee and earnings before extraordinary items, income tax expense, equity in net losses of affiliates and fixed charges (interest expense) were $364.5 million, $336.1 million, $214.1 million and $200.5 million, respectively. Such earnings were adequate to cover the Company's fixed charges, including interest capitalized of $18.0 million, $14.7 million, $9.4 million, and $7.6 million, of $296.9 million, $282.7 million, $155.0 million and $140.8 million for the six and three months ended June 30, 1997 and 1996, respectively. Fixed charges include non-cash interest expense, net of interest capitalized, of $28.9 million, $32.2 million, $11.9 million and $16.1 million for the six and three months ended June 30, 1997 and 1996, respectively.

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

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

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 2. CHANGES IN SECURITIES

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

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

The Class A Special Stock and the Series B Preferred Stock were issued to Microsoft in a transaction exempt from the Securities Act of 1933 pursuant to Section 4(2) thereof.

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

At the Annual Meeting on June 18, 1997, the shareholders approved the following proposals:

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

Director	Class of Stock	For	Withheld
Ralph J. Roberts	Class A	28,004,496	272,389
	Class B	131,793,750	
Julian A. Brodsky	Class A	28,013,270	263,615
	Class B	131,793,750	
Brian L. Roberts	Class A	28,009,647	267,238
	Class B	131,793,750	
Daniel Aaron	Class A	27,297,721	979,164
	Class B	131,793,750	
Gustave G. Amsterdam	Class A	28,008,461	268,424
	Class B	131,793,750	
Sheldon M. Bonovitz	Class A	27,300,651	976,234
	Class B	131,793,750	

Director	Class of Stock	For	Withheld
Joseph L. Castle II	Class A	28,025,126	251,759
	Class B	131,793,750	
Bernard C. Watson	Class A	28,022,551	254,334
	Class B	131,793,750	
Irving A. Wechsler	Class A	28,013,944	262,941
	Class B	131,793,750	
Anne Wexler	Class A	26,770,145	1,506,740
	Class B	131,793,750	

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

Class of Stock	For	Against	Abstain	Broker Nonvote
Class A	19,330,447	868,351	429,932	7,648,155
Class B	131,793,750			

To ratify the appointment of Deloitte & Touche LLP as the Company's independent auditors for the 1997 fiscal year.

Class of Stock	For	Against	Abstain
Class A	28,140,157	62,099	74,629
Class B	131,793,750		

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

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

3.1 Statement of Designations, Preferences and Rights of Series B Convertible Preferred Stock of the Company.

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

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

27.1 Financial Data Schedule.

(b) Reports on Form 8-K:

(i) Comcast Corporation filed a Current Report on Form 8-K under Item 5 on April 3, 1997 relating to its announcement of the acquisition of a majority interest in E! Entertainment Television, Inc. by Comcast Entertainment Holdings LLC, a joint venture between Comcast Corporation and The Walt Disney Company.

(ii) Comcast Corporation filed a Current Report on Form 8-K under Item 5 on April 16, 1997 relating to its announcement of the intention of its wholly owned subsidiary, Comcast Cable Communications, Inc., to offer approximately $1.0 billion of notes in a private placement.

(iii) Comcast Corporation filed a Current Report on Form 8-K under Item 7 on April 24, 1997 relating to the acquisition of the cable television operations of the E.W. Scripps Company, which included the audited consolidated financial statements of Comcast SCH Holdings, Inc. as of December 31, 1996 and for the period from November 1, 1996 to December 31, 1996 and the audited combined financial statements of the Predecessor Corporation as of December 31, 1995, for the period from January 1, 1996 to October 31, 1996 and for the years ended December 31, 1995 and 1994.

(iv) Comcast Corporation filed a Current Report on Form 8-K under Item 5 on May 2, 1997 relating to its announcement that its wholly owned subsidiary, Comcast Cable Communications, Inc., had closed on the sale of $1.7 billion of notes through a private placement with registration rights.

(v) Comcast Corporation filed a Current Report on Form 8-K under Item 5 on June 10, 1997 relating to its announcement that Microsoft Corporation will make an investment of $1 billion in Comcast Corporation.

SIGNATURE

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

COMCAST CORPORATION

/S/ LAWRENCE S. SMITH

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

Date: August 14, 1997

STATEMENT OF DESIGNATIONS, PREFERENCES
AND RIGHTS OF SERIES B CONVERTIBLE PREFERRED STOCK

of

COMCAST CORPORATION

Pursuant to Section 1522 of the Pennsylvania Business Corporation Law

We, the undersigned, Stanley Wang, Senior Vice President, and Arthur R. Block, Assistant Secretary, of Comcast Corporation, a Pennsylvania corporation (hereinafter called the "Corporation"), pursuant to the provisions of Section 1522 of the Pennsylvania Business Corporation Law of 1988, as amended, do hereby make this Statement of Designations and do hereby state and certify that pursuant to the authority expressly vested in the Board of Directors of the Corporation by the Restated Articles of Incorporation, the Board of Directors duly adopted the following resolution on June 8, 1997:

RESOLVED, that, pursuant to Article 5 of the Restated Articles of Incorporation of the Corporation (the "Restated Articles of Incorporation") (which authorizes 20 million shares of preferred stock, without par value ("Preferred Stock"), of which 6,370 shares of 5% Series A Convertible Preferred Stock are currently issued and outstanding), the Board of Directors hereby fixes the powers, designations, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions, of a series of Preferred Stock.

RESOLVED, that each share of such series of Preferred Stock shall rank equally in all respects and shall be subject to the following provisions:

(1) Number and Designation. 1,419,099 shares of the Preferred Stock of the Corporation shall be designated as Series B Convertible Preferred Stock (the "Series B Preferred Stock") (including 919,099 shares of the Series B Preferred Stock reserved for the payment of dividends pursuant to paragraph (4)(b)) and no other shares of Preferred Stock shall be designated as Series B Preferred Stock.

(2) Definitions. For purposes of the Series B Preferred Stock, the following terms shall have the meanings indicated:

"Board of Directors" shall mean the board of directors of the Corporation or the Executive Committee, if any, of such board of directors or any other committee duly authorized by such board of directors to perform any of its responsibilities with respect to the Series B Preferred Stock.

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York are not required to be open.

"Class A Common Stock" shall mean the Corporation's Class A Common Stock, $1.00 par value.

"Class B Common Stock" shall mean the Corporation's Class B Common Stock, $1.00 par value.

"Common Stock" shall mean the Special Common Stock, the Class A Common Stock and the Class B Common Stock and any other class of common stock authorized by the Corporation.

"Constituent Person" shall have the meaning set forth in paragraph (8)(e) hereof.

"Conversion Rate" shall have the meaning set forth in paragraph (8)(a) hereof.

"Current Market Price" of publicly traded shares of Special Common Stock or any other class of capital stock or other security of the Corporation or any other issuer for any day shall mean (i) if the security is then listed or admitted to trading on a national securities exchange in the United States, the last reported sale price, regular way, for the security as reported in the consolidated transaction or other reporting system for securities listed or traded on such exchange, or (ii) if the security is quoted on the Nasdaq National Market, the last reported sale price, regular way, for the security as reported on such list, or (iii) if the security is not so admitted for trading on any national securities exchange or the Nasdaq National Market, the average of the last reported closing bid and asked prices reported by the Nasdaq as furnished by any member in good standing of the National Association of Securities Dealers, Inc., selected from time to time by the Company for that purpose or as quoted by the National Quotation Bureau Incorporated. In the event that no such quotation is available for such day, the Current Market Price shall be the average of the quotations for the last five

Trading Days for which a quotation is available within the last 30 Trading Days prior to such day. In the event that five such quotations are not available within such 30-Trading Day period, the Board of Directors shall be entitled to determine the Current Market Price on the basis of such quotations as it considers appropriate.

"Determination Date" shall have the meaning set forth in paragraph (8)(d) hereof.

"Dividend Payment Date" shall mean September 30, December 30, March 30 and June 30 of each year, commencing on September 30, 1997; provided, however, that if any Dividend Payment Date falls on any day other than a Business Day, the dividend payment due on such Dividend Payment Date shall be paid on the Business Day immediately following such Dividend Payment Date.

"Dividend Periods" shall mean quarterly dividend periods commencing on September 30, December 30, March 30 and June 30 of each year and ending on and including the day preceding the first day of the next succeeding Dividend Period (other than the initial Dividend Period which shall commence on the Issue Date and end on and include September 30, 1997).

"Fair Market Value" shall mean the average of the daily Current Market Prices of a share of Special Common Stock for the 10 Trading Days immediately prior to the date for which such value is to be computed.

"Issue Date" shall mean the first date on which shares of Series B Preferred Stock are issued.

"Junior Securities" shall have the meaning set forth in paragraph (3) hereof.

"Junior Securities Distribution"shall have the meaning set forth in paragraph (4)(e) hereof.

"Mandatory Redemption Date" shall have the meaning set forth in paragraph (6)(c) hereof.

"Mandatory Redemption Obligation" shall have the meaning set forth in paragraph (6)(d) hereof.

"Nasdaq" means the National Association of Securities Dealers, Inc. Automated Quotations System.

"non-electing share" shall have the meaning set forth in paragraph (8)(e) hereof.

"NYSE" means the New York Stock Exchange.

"outstanding", when used with reference to shares of stock, shall mean issued shares, excluding shares held by the Corporation or a subsidiary.

"Parity Securities" shall have the meaning set forth in paragraph (3) hereof.

"Person" shall mean any individual, a corporation, a partnership, an association, a joint-stock company, a limited liability company, a trust, any unincorporated organization, or a government or political subdivision thereof.

"Preferred Stock" shall have the meaning set forth in the first resolution above.

"Preferred Shares" has the meaning set forth in paragraph (9)(a).

"Relevant Compounding Factor" shall mean, with respect to each share of Series B Preferred Stock, upon initial issuance 1.00, and shall on each Dividend Payment Date be increased to equal the product of the Relevant Compounding Factor in effect immediately prior to such Dividend Payment Date and 1.013125.

"Securities" shall have the meaning set forth in paragraph (8)(d) hereof.

"Senior Securities" shall have the meaning set forth in paragraph (3) hereof.

"Series B Preferred Stock" shall have the meaning set forth in paragraph (1) hereof.

"set apart for payment" shall be deemed to include, without any action other than the following, the recording by the Corporation in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of dividends or other distribution by the Board of

Directors, the allocation of funds to be so paid on any series or class of capital stock of the Corporation; provided, however, that if any funds for any class or series of Junior Securities or any class or series of Parity Securities are placed in a separate account of the Corporation or delivered to a disbursing, paying or other similar agent, then "set apart for payment" with respect to the Series B Preferred Stock shall mean placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

"Special Common Stock" shall mean the Corporation's Class A Special Common Stock, $1.00 par value.

"Trading Day" shall mean any day on which the securities in question are traded on the NYSE, or if such securities are not listed or admitted for trading on the NYSE, on the principal national securities exchange on which such securities are listed or admitted, or if not listed or admitted for trading on any national securities exchange, on the Nasdaq National Market, or if such securities are not quoted thereon, in the applicable securities market in which the securities are traded.

"Transaction" shall have the meaning set forth in paragraph (8)(e) hereof.

(3) Rank. Any class or series of stock of the Corporation shall be deemed to rank:

(A) prior to the Series B Preferred Stock, either as to the payment of dividends or as to distribution of assets upon liquidation, dissolution or winding up, or both, if the holders of such class or series shall be entitled by the terms thereof to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up, in preference or priority to the holders of Series B Preferred Stock ("Senior Securities");

(B) on a parity with the Series B Preferred Stock, either as to the payment of dividends or as to distribution of assets upon liquidation, dissolution or winding up, or both, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share thereof be different from those of the Series B Preferred Stock, if the holders of the Series B Preferred Stock and of such class of stock or series shall be entitled by the terms thereof to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, or both, in proportion to their respective amounts of accrued and unpaid dividends per share or liquidation preferences, without preference or priority one over the other and such class of stock or series is not a class of Senior Securities ("Parity Securities"); and

(C) junior to the Series B Preferred Stock, either as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, or both, if such stock or series shall be Common Stock or if the holders of the Series B Preferred Stock shall be entitled to receipt of dividends, and of amounts distributable upon liquidation, dissolution or winding up, in preference or priority to the holders of shares of such stock or series ("Junior Securities").

The 5% Series A Convertible Preferred Stock is a Parity Security.

The respective definitions of Senior Securities, Junior Securities and Parity Securities shall also include any rights or options exercisable for or convertible into any of the Senior Securities, Junior Securities and Parity Securities, as the case may be. The Series B Preferred Stock shall be subject to the creation of Junior Securities and Parity Securities.

(4) Dividends. (a) Subject to paragraph (8)(b)(ii), the holders of shares of Series B Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of funds legally available for the payment of dividends, payable in additional shares of Series B Preferred Stock (the "Additional Shares") dividends at the quarterly rate of $13.125 per share (assuming a $1,000.00 face amount). Such dividends shall be payable in arrears quarterly on each Dividend Payment Date. Dividends on the Series B Preferred Stock shall be cumulative from the Issue Date (except that dividends on Additional Shares shall accrue from the date such Additional Shares are issued or would have been issued in accordance with this Statement of Designations if such dividends had been declared), whether or not in any Dividend Period or Periods there shall be funds of the Corporation legally available for the payment of such dividends. Each such dividend shall be payable to the holders of record of shares of the Series B Preferred Stock, as they appear on the stock records of the Corporation at the close of business on the record date for such dividend. Upon the declaration of any such dividend, the Board of Directors shall fix as such record date the tenth Business Day preceding the relevant Dividend Payment Date. Accrued and unpaid dividends for any past Dividend Periods may be declared and paid at any time, without reference to any Dividend Payment Date, to holders of record on such record date, not more than 45 days nor less than five Business Days preceding the payment date thereof, as may be fixed by the Board of Directors.

(b) For the purpose of determining the number of Additional Shares to be issued pursuant to paragraph (4)(a), each such Additional Share shall be valued at $1,000.00. Holders of such Additional Shares shall be entitled to receive dividends payable at the rates specified in paragraph (4)(a).

(c) The dividends payable for the initial Dividend Period, or any other period shorter than a full Dividend Period, on the Series B Preferred Stock shall accrue daily and be computed on the basis of a 360-day year and the actual number of days in such period. Holders of shares of Series B Preferred Stock shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of cumulative dividends, as herein provided, on the Series B Preferred Stock except as otherwise provided herein. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series B Preferred Stock that may be in arrears except as otherwise provided herein.

(d) So long as any shares of the Series B Preferred Stock are outstanding, no dividends, except as described in the next succeeding sentence, shall be declared or paid or set apart for payment on Parity Securities, for any period, nor shall any Parity Securities be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any such Parity Securities) by the Corporation (except for conversion into or exchange into other Parity Securities) unless, in each case, (i) full cumulative dividends on all outstanding shares of the Series B Preferred Stock for all Dividend Periods terminating on or prior to the date of such redemption, repurchase or other acquisition shall have been paid or set apart for payment, (ii) sufficient funds shall have been paid or set apart for the payment of the dividend for the current Dividend Period with respect to the Series B Preferred Stock and (iii) the Corporation is not in default with respect to any redemption of shares of Series B Preferred Stock by the Corporation pursuant to paragraph (6) below. When dividends are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all dividends declared upon shares of the Series B Preferred Stock and all dividends declared upon Parity Securities shall be declared ratably in proportion to the respective amounts of dividends accumulated and unpaid on the Series B Preferred Stock and accumulated and unpaid on such Parity Securities.

(e) So long as any shares of the Series B Preferred Stock are outstanding, no dividends (other than (i) any rights issued pursuant to a shareholder rights plan and (ii) dividends or distributions paid in shares of, or options, warrants or rights to subscribe for or purchase shares of, Junior Securities) shall be declared or paid or set apart for payment or other distribution declared or made upon Junior Securities, nor shall any Junior Securities be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of shares of Common Stock made for purposes of an employee incentive or benefit plan of the Corporation or any subsidiary) (all such dividends, distributions, redemptions or purchases being hereinafter referred to as "Junior Securities Distributions") for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Corporation, directly or indirectly (except by conversion into or exchange for Junior Securities), unless in each case (i) the full cumulative dividends on all outstanding shares of the Series B Preferred Stock and any other Parity Securities shall have been paid or set apart for payment for all past Dividend Periods with respect to the Series B Preferred Stock and all past dividend periods with respect to such Parity Securities and (ii) sufficient funds shall have been paid or set apart for the payment of the dividend for the current Dividend Period with respect to the Series B Preferred Stock and the current dividend period with respect to such Parity Securities.

(5) Liquidation Preference. (a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to or set apart for the holders of Junior Securities, the holders of the shares of Series B Preferred Stock shall be entitled to receive $1,000.00 per share of Series B Preferred Stock plus an amount equal to all dividends (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to such holders; but such holders shall not be entitled to any further payment. If, upon any liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of the shares of Series B Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any Parity Securities, then such assets, or the proceeds thereof, shall be distributed among the holders of shares of Series B Preferred Stock and any such other Parity Securities ratably in accordance with the respective amounts that would be payable on such shares of Series B Preferred Stock and any such other stock if all amounts payable thereon were paid in full. For the purposes of this paragraph (5), (i) a consolidation or merger of the Corporation with one or more corporations, or (ii) a sale or transfer of all or substantially all of the Corporation's assets, shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation.

(b) Subject to the rights of the holders of any Parity Securities, upon any liquidation, dissolution or winding up of the Corporation, after payment shall have been made in full to the holders of the Series B Preferred Stock, as provided in this paragraph (5), any other series or class or classes of Junior Securities shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Series B Preferred Stock shall not be entitled to share therein.

(6) Redemption. (a) On and after the seventh anniversary of the Issue Date, to the extent the Corporation shall have funds legally available for such payment, the Corporation may redeem at its option shares of Series B Preferred Stock, in whole or from time to time in part, at a redemption price of $1,000.00 per share, payable at the option of the Corporation in cash, in shares of Special Common Stock or a combination thereof, together with accrued and unpaid dividends thereon, whether or not declared, to, but excluding, the date fixed for redemption, without interest. For purposes of determining the number of shares of the Special Common Stock to be issued pursuant to this paragraph (6)(a), the price per share of Special Common Stock shall be the Fair Market Value.

(b) On each of June 30, 2004 and June 30, 2012, each holder of shares of Series B Preferred Stock shall have the right to require the Corporation, to the extent the Corporation shall have funds legally available therefor, to redeem such holder's shares of Series B Preferred Stock at a redemption price of $1,000.00 per share, payable at the option of the Corporation in cash, shares of Special Common Stock or a combination thereof, together with accrued and unpaid dividends thereon to, but excluding, the date fixed for redemption, without interest. For purposes of determining the number of shares of the Special Common Stock to be issued pursuant to this paragraph (6)(b), the price per share of Special Common Stock shall equal the Fair Market Value. Any holder of shares of Series B Preferred Stock who elects to exercise its rights pursuant to this paragraph (6)(b) shall deliver to the Corporation a written notice of election not less than 20 days prior to June 30, 2004 or June 30, 2012, as the case may be, which notice shall set forth the name of the Holder, the number of shares of Series B Preferred Stock to be redeemed and a statement that the election to exercise a redemption right is being made thereby; and shall deliver to the Corporation on or before the date of redemption certificates evidencing the shares of Series B Preferred Stock to be redeemed, duly endorsed for transfer to the Corporation.

(c) If the Corporation shall not have redeemed all outstanding shares of Series B Preferred Stock pursuant to paragraphs (6)(a) and 6(b), on the twentieth anniversary of the Issue Date (the "Mandatory Redemption Date"), to the extent the Corporation shall have funds legally available for such payment, the Corporation shall redeem all outstanding shares of Series B Preferred Stock, at a redemption price of $1,000.00 per share, payable at the option of the Corporation in cash, shares of Special Common Stock or a combination thereof, together with accrued and unpaid dividends thereon to, but excluding, the Mandatory Redemption Date, without interest. For purposes of determining the number of shares of the Special Common Stock to be issued pursuant to this paragraph (6)(c), the price per share of Special Common Stock shall be deemed to equal the Fair Market Value.

(d) If the Corporation is unable or shall fail to discharge its obligation to redeem all outstanding shares of Series B Preferred Stock pursuant to paragraph (6)(c) (the "Mandatory Redemption Obligation"), the Mandatory Redemption Obligation shall be discharged as soon as the Corporation is able to discharge such Mandatory Redemption Obligation. If and so long as any Mandatory Redemption Obligation with respect to the Series B Preferred Stock shall not be fully discharged, the Corporation shall not (i) directly or indirectly, redeem, purchase, or otherwise acquire any Parity Security or discharge any mandatory or optional redemption, sinking fund or other similar obligation in respect of any Parity Securities (except in connection with a redemption, sinking fund or other similar obligation to be satisfied pro rata with the Series B Preferred Stock) or (ii) declare or make any Junior Securities Distribution (other than dividends or distributions paid in shares of, or options, warrants or rights to subscribe for or purchase shares of, Junior Securities), or, directly or indirectly, discharge any mandatory or optional redemption, sinking fund or other similar obligation in respect of the Junior Securities.

(e) Upon any redemption of Series B Preferred Stock, the Corporation shall pay the redemption price and any accrued and unpaid dividends in arrears to, but excluding, the applicable redemption date.

(f) For purposes of paragraph (6)(a) only, unless full cumulative dividends (whether or not declared) on all outstanding shares of Series B Preferred Stock and any Parity Securities shall have been paid or contemporaneously are declared and paid or set apart for payment for all Dividend Periods terminating on or prior to the applicable redemption date, none of the shares of Series B Preferred Stock shall be redeemed, and no sum shall be set aside for such redemption, unless shares of Series B Preferred Stock are redeemed pro rata.

(7) Procedure for Redemption. (a) If the Corporation shall redeem shares of Series B Preferred Stock pursuant to paragraph 6(a), notice of such redemption shall be given by certified mail, return receipt requested, postage prepaid, mailed not less than 30 days nor more than 60 days prior to the redemption date, to each holder of record of the shares to be redeemed at such holder's address as the same appears on the stock register of the Corporation; provided that neither the failure to give such notice nor any defect therein or in the mailing thereof, to any particular holder, shall affect the sufficiency of the notice or the validity of the proceedings for redemption with respect to the other holders. Any notice that was mailed in the manner herein provided shall be conclusively presumed to have been duly given on the date mailed whether or not the holder receives the notice. Each such notice shall state: (i) the redemption date; (ii) the number of shares of Series B Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of shares to be redeemed from such holder; (iii) the

amount payable, whether in Special Common Stock or cash; (iv) the place or places where certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on such redemption date, except as otherwise provided herein.

(b) If notice has been mailed as aforesaid, from and after the redemption date (unless default shall be made by the Corporation in providing for the payment of the redemption price of the shares called for redemption and dividends accrued and unpaid thereon, if any), (i) except as otherwise provided herein, dividends on the shares of Series B Preferred Stock so called for redemption shall cease to accrue, (ii) said shares shall no longer be deemed to be outstanding, and (iii) all rights of the holders thereof as holders of the Series B Preferred Stock shall cease (except the right to receive from the Corporation the redemption price without interest thereon, upon surrender and endorsement of their certificates if so required, and to receive any dividends payable thereon).

(c) Upon surrender in accordance with notice given pursuant to this paragraph (7) of the certificates for any shares so redeemed (properly endorsed or assigned for transfer, if the Board of Directors of the Corporation shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the redemption price aforesaid, plus any dividends payable thereon. If fewer than all the outstanding shares of Series B Preferred Stock are to be redeemed, the number of shares to be redeemed shall be determined by the Board of Directors and the shares to be redeemed shall be selected pro rata (with any fractional shares being rounded to the nearest whole share). In case fewer than all the shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without cost to the holder thereof.

(8) Conversion. (a) Subject to and upon compliance with the provisions of this paragraph (8), a holder of shares of Series B Preferred Stock shall have the right, at any time and from time to time, at such holder's option, to convert any or all outstanding shares of Series B Preferred Stock held by such holder, but not fractions of shares, into fully paid and non-assessable shares of Special Common Stock by surrendering such shares to be converted, such surrender to be made in the manner provided in paragraph (8)(b) hereof. The number of shares of Special Common Stock deliverable upon conversion of each share of Series B Preferred Stock shall be equal to $1,000.00 divided by the product of (i) 23.5364 and (ii) the Relevant Compounding Factor (as adjusted as provided herein, the "Conversion Rate"); provided that the aggregate number of shares of Special Common Stock deliverable upon conversion of the Series B Preferred Stock shall not be greater than 21,243,691, subject to adjustment. The Conversion Rate is subject to adjustment from time to time pursuant to paragraph (8)(d) hereof. The right to convert shares

called for redemption pursuant to paragraph (7) shall terminate at the close of business on the date immediately preceding the date fixed for such redemption unless the Corporation shall default in making payment of the amount payable upon such redemption. Upon conversion of any share of Series B Preferred Stock the holder thereof shall continue to be entitled to receive from the Corporation any accrued but unpaid dividends thereon.

(b)(i) In order to exercise the conversion privilege, the holder of each share of Series B Preferred Stock to be converted shall surrender the certificate representing such share, duly endorsed or assigned to the Corporation or in blank, at the office of the Corporation, or to any transfer agent of the Corporation previously designated by the Corporation to the holders of the Series B Preferred Stock for such purposes, with a written notice of election to convert completed and signed, specifying the number of shares to be converted. Such notice shall also state the name or names (with address and social security or other taxpayer identification number) in which the certificate or certificates for Special Common Stock are to be issued. Unless the shares issuable on conversion are to be issued in the same name as the name in which such share of Series B Preferred Stock is registered, each share surrendered for conversion shall be accompanied by instruments of transfer, in form satisfactory to the Corporation, duly executed by the holder or the holder's duly authorized attorney and an amount sufficient to pay any transfer or similar tax (or evidence reasonably satisfactory to the Corporation demonstrating that such taxes have been paid). All certificates representing shares of Series B Preferred Stock surrendered for conversion shall be canceled by the Corporation or the transfer agent.

(ii) Holders of shares of Series B Preferred Stock at the close of business on a dividend payment record date shall not be entitled to receive the dividend payable on such shares on the corresponding Dividend Payment Date if such holder shall have surrendered for conversion such shares at any time following the preceding Dividend Payment Date and prior to such Dividend Payment Date.

(iii) As promptly as practicable after the surrender by a holder of the certificates for shares of Series B Preferred Stock as aforesaid, the Corporation shall issue and shall deliver to such holder, or on the holder's written order, a certificate or certificates for the whole number of duly authorized, validly issued, fully paid and non-assessable shares of Special Common Stock issuable upon the conversion of such shares in accordance with the provisions of this paragraph (8), and any fractional interest in respect of a share of Special Common Stock arising on such conversion shall be settled as provided in paragraph (8)(c). Upon conversion of only a portion of the shares of Series B Preferred Stock represented by any certificate, a new certificate shall be issued representing the unconverted portion of the certificate so surrendered without cost to the holder thereof. Upon the surrender of certificates representing shares of Series B Preferred Stock to be converted, such shares shall no longer be deemed to be outstanding and all rights of a holder with respect to such shares surrendered for conversion shall immediately terminate except the right to receive the Special Common Stock and other amounts payable pursuant to this paragraph (8).

(iv) Each conversion shall be deemed to have been effected immediately prior to the close of business on the date on which the certificates for shares of Series A Preferred Stock shall have been surrendered and such notice received by the Corporation as aforesaid, and the Person or Persons in whose name or names any certificate or certificates for shares of Special Common Stock shall be issuable upon such conversion shall be deemed to have become the holder or holders of record of the shares of Special Common Stock represented thereby at such time on such date and such conversion shall be into a number of shares of Special Common Stock equal to the product of the number of shares of Series B Preferred Stock surrendered times the Conversion Rate in effect at such time on such date, unless the stock transfer books of the Corporation shall be closed on that date, in which event such Person or Persons shall be deemed to have become such holder or holders of record at the close of business on the next succeeding day on which such stock transfer books are open, but such conversion shall be based upon the Conversion Rate in effect on the date upon which such shares shall have been surrendered and such notice received by the Corporation.

(c) No fractional shares or scrip representing fractions of shares of Special Common Stock shall be issued upon conversion of the Series B Preferred Stock. Instead of any fractional interest in a share of Special Common Stock that would otherwise be deliverable upon the conversion of a share of Series B Preferred Stock, the Corporation shall pay to the holder of such share an amount in cash based upon the Current Market Price of Special Common Stock on the Trading Day immediately preceding the date of conversion. If more than one share shall be surrendered for conversion at one time by the same holder, the number of full shares of Special Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares of Series B Preferred Stock surrendered for conversion by such holder.

(d) The Conversion Rate shall be adjusted from time to time as follows:

(i) If the Corporation shall after the Issue Date (A) declare a dividend or make a distribution on its Special Common Stock in shares of its Special Common Stock, (B) subdivide its outstanding Special Common Stock into a greater number of shares or (C) combine its outstanding Special Common Stock into a smaller number of shares, the Conversion Rate in effect on the record date for such dividend or distribution, or the effective date of such subdivision or combination, as the case may be, shall be proportionately adjusted so that the holder of any share of Series B Preferred Stock thereafter surrendered for conversion shall be entitled to receive the number and kind of shares of Special Common Stock that such holder would have owned or have been entitled to receive after the happening of any of the events described above had such share been converted immediately prior to the record date in the case of a dividend or distribution or the effective date in the case of a subdivision or combination. An adjustment made pursuant to this subparagraph (i) shall become effective immediately after the opening of business on the Business Day next following the record date (except as provided in paragraph (8)(h)) in the case of a dividend or distribution and shall become effective immediately after the opening of business on the Business Day next following the effective date in the case of a subdivision, combination or reclassification. Adjustments in accordance with this paragraph (8)(d)(i) shall be made whenever any event listed above shall occur.

(ii) If the Corporation shall after the Issue Date fix a record date for the issuance of rights or warrants (in each case, other than any rights issued pursuant to a shareholder rights plan) to all holders of Special Common Stock entitling them (for a period expiring within 45 days after such record date) to subscribe for or purchase Special Common Stock (or securities convertible into Special Common Stock) at a price per share (or, in the case of a right or warrant to purchase securities convertible into Special Common Stock, having an effective exercise price per share of Special Common Stock, computed on the basis of the maximum number of shares of Special Common Stock issuable upon conversion of such convertible securities, plus the amount of additional consideration payable, if any, to receive one share of Special Common Stock upon conversion of such securities) less than the Fair Market Value per share of Special Common Stock on the date on which such issuance was declared or otherwise announced by the Corporation (the "Determination Date"), then the Conversion Rate in effect at the opening of business on the Business Day next following such record date shall be adjusted so that the holder of each share of Series B Preferred Stock shall be entitled to receive, upon the conversion thereof, the number of shares of Special Common Stock determined by multiplying (I) the Conversion Rate in effect immediately prior to such record date by (II) a fraction, the numerator of which shall be the sum of (A) the number of shares of Special Common Stock outstanding on the close of business on the Determination Date and (B) the number of additional shares of Special Common Stock offered for subscription or purchase pursuant to such rights or warrants (or in the case of a right or warrant to purchase securities convertible into Special Common Stock, the aggregate number of additional shares of Special Common Stock into which the convertible securities so offered are initially convertible), and the denominator of which shall be the sum of (A) the number of shares of Special Common Stock outstanding on the close of business on the Determination Date and (B) the number of shares that the aggregate proceeds to the Corporation from the exercise of such rights or warrants for Special Common Stock would purchase at such Fair Market Value on such date (or, in the case of a right or warrant to purchase securities convertible into Special Common Stock, the number of shares of Special Common Stock obtained by dividing the aggregate exercise price of such rights or warrants for the maximum number of shares of Special Common Stock issuable upon conversion of such convertible securities, plus the aggregate amount of additional consideration payable, if any, to convert such securities into Special Common Stock, by such Fair Market Value). Such adjustment shall become effective immediately after the opening of business on the Business Day next following such record date (except as provided in paragraph (8)(h)). Such adjustment shall be made successively whenever such a record date is fixed. In the event that after fixing a record date such rights or warrants are not so issued, the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect if such record date had not been fixed. In determining whether any rights or warrants entitle the holders of Special Common Stock to subscribe for or purchase shares of Special Common Stock at less than such Fair Market Value, there shall be taken into account any consideration received by the Corporation upon issuance and upon exercise of such rights or warrants, the value of such consideration, if other than cash, to be determined by the Board of Directors. In case any rights or warrants referred to in this subparagraph (ii) shall expire unexercised after the same shall have been distributed or issued by the Corporation (or, in the case of rights or warrants to purchase securities convertible into Special Common Stock once exercised, the conversion right of such securities shall expire), the Conversion Rate shall be readjusted at the time of such expiration to the Conversion Rate that would have been in effect if no adjustment had been made on account of the distribution or issuance of such expired rights or warrants.

(iii) If the Corporation shall fix a record date for the making of a distribution to all holders of its Special Common Stock of evidences of its indebtedness, shares of its capital stock or assets (excluding regular cash dividends or distributions declared in the ordinary course by the Board of Directors and dividends payable in Special Common Stock for which an adjustment is made pursuant to paragraph (8)(d)(i)) or rights or warrants (in each case, other than any rights issued pursuant to a shareholder rights plan) to subscribe for or purchase any of its securities (excluding those rights and warrants issued to all holders of Special Common Stock entitling them for a period expiring within 45 days after the record date referred to in subparagraph (ii) above to subscribe for or purchase Special Common Stock or securities convertible into shares of Special Common Stock, which rights and warrants are referred to in and treated under subparagraph (ii) above) (any of the foregoing being hereinafter in this subparagraph (iii) called the "Securities"), then in each such case the Conversion Rate shall be adjusted so that the holder of each share of Series B Preferred Stock shall be entitled to receive, upon the conversion thereof, the number of shares of Special Common Stock determined by multiplying (I) the Conversion Rate in effect immediately prior to the close of business on such record date by (II) a fraction, the numerator of which shall be the Fair Market Value per share of the Special Common Stock on such record date, and the denominator of which shall be the Fair Market Value per share of the Special Common Stock on such record date less the then-fair market value (as determined by the Board of Directors, whose determination shall be conclusive) of the portion of the assets, shares of its capital stock or evidences of indebtedness so distributed or of such rights or warrants applicable to one share of Special Common Stock. Such adjustment shall be made successively whenever such a record date is fixed; and in the event that after fixing a record date such distribution is not so made, the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect if such record date had not been fixed. Such adjustment shall become effective immediately at the opening of business on the Business Day next following (except as provided in paragraph (8)(h)) the record date for the determination of shareholders entitled to receive such distribution. For the purposes of this subparagraph (iii), the distribution of a Security, which is distributed not only to the holders of the Special Common Stock on the date fixed for the determination of shareholders entitled to such distribution of such Security, but also is distributed with each share of Special Common Stock delivered to a Person converting a share of Series B Preferred Stock after such determination date, shall not require an adjustment of the Conversion Rate pursuant to this subparagraph (iii); provided that on the date, if any, on which a Person converting a share of Series B Preferred Stock would no longer be entitled to receive such Security with a share of Special Common Stock (other than as a result of the termination of all such Securities), a distribution of such Securities shall be deemed to have occurred and the Conversion Rate shall be adjusted as provided in this subparagraph (iii) (and such day shall be deemed to be "the date fixed for the determination of shareholders entitled to receive such distribution" and "the record date" within the meaning of the three preceding sentences). If any rights or warrants referred to in this subparagraph (iii) shall expire unexercised after the same shall have been distributed or issued by the Corporation, the Conversion Rate shall be readjusted at the time of such expiration to the Conversion Rate that would have been in effect if no adjustment had been made on account of the distribution or issuance of such expired rights or warrants.

(iv) In case the Corporation shall, by dividend or otherwise, distribute to all holders of its Common Stock cash in an amount per share that, together with the aggregate of the per share amounts of any other cash distributions to all holders of its Common Stock made within the 12 months preceding the date of payment of such distribution and in respect of which no adjustment pursuant to this paragraph (iv) has been made exceeds 12.5% of the Fair Market Value immediately prior to the date of declaration of such dividend or distribution (excluding any dividend or distribution in connection with the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, and any cash that is distributed upon a merger, consolidation or other transaction for which an adjustment pursuant to paragraph 8(e) is made), then, in such case, the Conversion Rate shall be adjusted so that the same shall equal the rate determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date for the cash dividend or distribution by a fraction the numerator of which shall be the Current Market Price of a share of the Special Common Stock on the Record Date and the denominator shall be such Current Market Price less the per share amount of cash so distributed during the 12 month period applicable to one share of Special Common Stock, such adjustment to be effective immediately prior to the opening of business on the Business Day following the Record Date; provided, however, that in the event the denominator of the foregoing fraction is zero or negative, in lieu of the foregoing adjustment, adequate provision shall be made so that each holder of Series B Preferred Stock shall have the right to receive upon conversion, in addition to the shares of Special Common Stock to which the holder is entitled, the amount of cash such holder would have received had such holder converted each share of Series B Preferred Stock at the beginning of the 12-month period. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared. Notwithstanding the foregoing, if any adjustment is required to be made as set forth in this paragraph (8)(d)(iv), the calculation of any such adjustment shall include the amount of the quarterly cash dividends paid during the 12- month reference period only to the extent such dividends exceed the regular quarterly cash dividends paid during the 12 months preceding the 12-month reference period. For purposes of this paragraph (8)(d)(iv), "Record Date" shall mean, with respect to any dividend or distribution in which the holders of Common Stock have the right to receive cash, the date fixed for determination of shareholders entitled to receive such cash.

In the event that at any time cash distributions to holders of Common Stock are not paid equally on all series of Common Stock, the provisions of this paragraph 8(d)(iv) will apply to any cash dividend or cash distribution on any series of Common Stock otherwise meeting the requirements of this paragraph, and shall be deemed amended to the extent necessary so that any adjustment required will be made on the basis of the cash dividend or cash distribution made on any such series.

(v) In case of the consummation of a tender or exchange offer (other than an odd-lot tender offer) made by the Corporation or any subsidiary of the Corporation for all or any portion of the outstanding shares of Common Stock to the extent that the cash and fair market value (as determined in good faith by the Board of Directors of the Corporation, whose determination shall be conclusive and shall be described in a resolution of such Board) of any other consideration included in such payment per share of Common Stock at the last time (the "Expiration Time") tenders or exchanges may be made pursuant to such tender or exchange offer (as amended) exceed by more than 10%, with any smaller excess being disregarded in computing the adjustment to the Conversion Rate provided in this paragraph (8)(d)(v), the first reported sale price per share of Special Common Stock on the Trading Day next succeeding the Expiration Time, then the Conversion Rate shall be adjusted so that the same shall equal the rate determined by multiplying the Conversion Rate in effect immediately prior to the Expiration Time by a fraction the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to shareholders based on the acceptance (up to any maximum specified in the terms of the tender or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) on the Expiration Time and the first reported sale price of the Special Common Stock on the Trading Day next succeeding the Expiration Time, and the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) on the Expiration Time multiplied by the first reported sale price of the Special Common Stock on the Trading Day next succeeding the Expiration Time, such adjustment to become effective immediately prior to the opening of business on the day following the Expiration Time.

(vi) No adjustment in the Conversion Rate shall be required unless such adjustment would require a cumulative increase or decrease of at least 1% in the Conversion Rate; provided, however, that any adjustments that by reason of this subparagraph (vi) are not required to be made shall be carried forward and taken into account in any subsequent adjustment until made; and provided, further, that any adjustment shall be required and made in accordance with the provisions of this paragraph (8) (other than this subparagraph (vi)) not later than such time as may be required in order to preserve the tax-free nature of a distribution for United Sates income tax purposes to the holders of shares of Series B Preferred Stock or Special Common Stock. Notwithstanding any other provisions of this paragraph (8), the Corporation shall not be required to make any adjustment of the Conversion Rate for the issuance of any shares of Special Common Stock pursuant to any plan providing for the reinvestment of dividends or interest payable on securities of the Corporation and the investment of additional optional amounts in shares of Special Common Stock under such plan. All calculations under this paragraph (8) shall be made to the nearest dollar or to the nearest 1/1,000 of a share, as the case may be. Anything in this paragraph (8)(d) to the contrary notwithstanding, the Corporation shall be entitled, to the extent permitted by law, to make such adjustments in the Conversion Rate, in addition to those required by this paragraph (8)(d), as it in its discretion shall determine to be advisable in order that any stock dividends, subdivision of shares, reclassification or combination of shares, distribution of rights or warrants to purchase stock or securities, or a distribution of other assets (other than cash dividends) hereafter made by the Corporation to its shareholders shall not be taxable.

(vii) In the event that, at any time as a result of shares of any other class of capital stock becoming issuable in exchange or substitution for or in lieu of shares of Special Common Stock or as a result of an adjustment made pursuant to the provisions of this paragraph (8)(d), the holder of Series B

Preferred Stock upon subsequent conversion shall become entitled to receive any shares of capital stock of the Corporation other than Special Common Stock, the number of such other shares so receivable upon conversion of any shares of Series B Preferred Stock shall thereafter be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions contained herein.

(e) If the Corporation shall be a party to any transaction (including, without limitation, a merger, consolidation, sale of all or substantially all of the Corporation's assets or recapitalization of the Special Common Stock and excluding any transaction as to which paragraph (8)(d)(i) applies) (each of the foregoing being referred to herein as a "Transaction"), in each case as a result of which shares of Special Common Stock shall be converted into the right to receive stock, securities or other property (including cash or any combination thereof), there shall be no adjustment to the Conversion Rate but each share of Series B Preferred Stock which is not converted into the right to receive stock, securities or other property in connection with such Transaction shall thereafter be convertible into the kind and amount of shares of stock, securities and other property (including cash or any combination thereof) receivable upon the consummation of such Transaction by a holder of that number of shares or fraction thereof of Special Common Stock into which one share of Series B Preferred Stock was convertible immediately prior to such Transaction, assuming such holder of Special Common Stock (i) is not a Person with which the Corporation consolidated or into which the Corporation merged or which merged into the Corporation or to which such sale or transfer was made, as the case may be ("Constituent Person"), or an affiliate of a Constituent Person and (ii) failed to exercise his rights of election, if any, as to the kind or amount of stock, securities and other property (including cash) receivable upon such Transaction (provided that if the kind or amount of stock, securities and other property (including cash) receivable upon such Transaction is not the same for each share of Special Common Stock of the Corporation held immediately prior to such Transaction by other than a Constituent Person or an affiliate thereof and in respect of which such rights of election shall not have been exercised ("non-electing share"), then for the purpose of this paragraph (8)(e) the kind and amount of stock, securities and other property (including cash) receivable upon such Transaction by each non-electing share shall be deemed to be the kind and amount so receivable per share by a plurality of the non-electing shares). The provisions of this paragraph (8)(e) shall similarly apply to successive Transactions.

(f) If:

(i) the Corporation shall declare a dividend (or any other distribution) on the Special Common Stock (other than distributions in cash referred to in paragraph (8)(d)(iii) and other than any rights issued pursuant to a shareholder rights plan); or

(ii) the Corporation shall authorize the granting to the holders of the Special Common Stock of rights or warrants (other than any rights issued pursuant to a shareholder rights plan) to subscribe for or purchase any shares of any class or any other rights or warrants (other than any rights issued pursuant to a shareholder rights plan); or

(iii) there shall be any subdivision, combination or reclassification of the Special Common Stock or any consolidation or merger to which the Corporation is a party and for which approval of any shareholders of the Corporation is required, or the sale or transfer of all or substantially all of the assets of the Corporation as an entirety; or

(iv) there shall occur the voluntary or involuntary liquidation, dissolution or winding up of the Corporation,

then the Corporation shall cause to be filed with any transfer agent designated by the Corporation pursuant to paragraph (8)(b) and shall cause to be mailed to the holders of shares of the Series B Preferred Stock at their addresses as shown on the stock records of the Corporation, as promptly as possible, but at least ten days prior to the applicable date hereinafter specified, a notice stating (A) the date on which a record is to be taken for the purpose of such dividend (or such other distribution) or rights or warrants, or, if a record is not to be taken, the date as of which the holders of Special Common Stock of record to be entitled to such dividend, distribution or rights or warrants are to be determined or (B) the date on which such subdivision, combination, reclassification, consolidation, merger, sale, transfer, liquidation, dissolution or winding up or other action is expected to become effective, and the date as of which it is expected that holders of Special Common Stock of record shall be entitled to exchange their shares of Special Common Stock for securities or other property, if any, deliverable upon such subdivision, combination, reclassification, consolidation, merger, sale, transfer, liquidation, dissolution or winding up. Failure to give or receive such notice or any defect therein shall not affect the legality or validity of any distribution, right, warrant, subdivision, combination, reclassification, consolidation, merger, sale, transfer, liquidation, dissolution, winding up or other action, or the vote upon any of the foregoing.

(g) Whenever the Conversion Rate is adjusted as herein provided, the Corporation shall prepare an officer's certificate with respect to such adjustment of the Conversion Rate setting forth the adjusted Conversion Rate and the effective date of such adjustment and shall mail a copy of such officer's certificate to the holder of each share of Series B Preferred Stock at such holder's last address as shown on the stock records of the Corporation. If the Corporation shall have designated a transfer agent pursuant to paragraph (8)(b), it shall also promptly file with such transfer agent an officer's certificate setting forth the Conversion Rate after such adjustment and setting forth a brief statement of the facts requiring such adjustment which certificate shall be conclusive evidence of the correctness of such adjustment.

(h) In any case in which paragraph (8)(d) provides that an adjustment shall become effective on the day next following a record date for an event, the Corporation may defer until the occurrence of such event (i) issuing to the holder of any share of Series B Preferred Stock converted after such record date and before the occurrence of such event the additional shares of Special Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Special Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such holder any amount in cash in lieu of any fraction pursuant to paragraph (8)(c).

(i) For purposes of this paragraph (8), the number of shares of Special Common Stock at any time outstanding shall not include any shares of Special Common Stock then owned or held by or for the account of the Corporation. The Corporation shall not pay a dividend or make any distribution on shares of Special Common Stock held in the treasury of the Corporation.

(j) There shall be no adjustment of the Conversion Rate in case of the issuance of any stock of the Corporation in a reorganization, acquisition or other similar transaction except as specifically set forth in this paragraph (8). If any single action would require adjustment of the Conversion Rate pursuant to more than one subparagraph of this paragraph (8), only one adjustment shall be made and such adjustment shall be the amount of adjustment that has the highest absolute value.

(k) If the Corporation shall take any action affecting the Special Common Stock, other than action described in this paragraph (8), that in the opinion of the Board of Directors materially adversely affects the conversion rights of the holders of the shares of Series B Preferred Stock, the Conversion Rate may be adjusted, to the extent permitted by law, in such manner, if any, and at such time, as the Board of Directors may determine to be equitable in the circumstances; provided that the provisions of this paragraph (8)(k) shall not affect any rights the holders of Series B Preferred Stock may have at law or in equity.

(l) (i) The Corporation covenants that it will at all times reserve and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued shares of Special Common Stock or its issued shares of Special Common Stock held in its treasury, or both, for the purpose of effecting conversion of the Series B Preferred Stock, the full number of shares of Special Common Stock deliverable upon the conversion of all outstanding shares of Series B Preferred Stock not theretofore converted. For purposes of this paragraph (8)(l) the number of shares of Special Common Stock that shall be deliverable upon the conversion of all outstanding shares of Series B Preferred Stock shall be computed as if at the time of computation all such outstanding shares were held by a single holder.

(ii) The Corporation covenants that any shares of Special Common Stock issued upon conversion of the Series B Preferred Stock shall be duly authorized, validly issued, fully paid and non-assessable. Before taking any action that would cause an adjustment increasing the Conversion Rate such that the quotient of $1,000.00 and the Conversion Rate (which initially shall be $23.5364) would be reduced below the then-par value of the shares of Special Common Stock deliverable upon conversion of the Series B Preferred Stock, the Corporation will take any corporate action that, in the opinion of its counsel, may be necessary in order that the Corporation may validly and legally issue fully paid and non-assessable shares of Special Common Stock based upon such adjusted Conversion Rate.

(iii) Prior to the delivery of any securities that the Corporation shall be obligated to deliver upon conversion of the Series B Preferred Stock, the Corporation shall comply with all applicable federal and state laws and regulations which require action to be taken by the Corporation.

(m) The Corporation will pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Special Common Stock or other securities or property on conversion of the Series B Preferred Stock pursuant hereto; provided, however, that the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issue or delivery of shares of Special Common Stock or other securities or property in a name other than that of the holder of the Series B Preferred Stock to be converted and no such issue or delivery shall be made unless and until the Person requesting such issue or delivery has paid to the Corporation the amount of any such tax or established, to the satisfaction of the Corporation, that such tax has been paid.

(9) Voting Rights. (a) The holders of record of shares of Series B Preferred Stock shall not be entitled to any voting rights except as hereinafter provided in paragraph (b) or as otherwise provided by law.

(b) If and whenever six quarterly dividends (whether or not consecutive) payable on the Series B Preferred Stock have not been paid in full or if the Corporation shall have failed to discharge its Mandatory Redemption Obligation, the number of directors then constituting the Board of Directors shall be increased by two and the holders of shares of Series B Preferred Stock, together with the holders of shares of every other series of preferred stock upon which like rights to vote for the election of two additional directors have been conferred and are exercisable (resulting from either the failure to pay dividends or the failure to redeem)(any such other series is referred to as the "Preferred Shares"), voting as a single class regardless of series, shall be entitled to elect the two additional directors to serve on the Board of Directors at any annual meeting of stockholders or special meeting held in place thereof, or at a special meeting of the holders of the Series B Preferred Stock and the Preferred Shares called as hereinafter provided. Whenever all arrears in dividends on the Series B Preferred Stock and the Preferred Shares then outstanding shall have been paid and dividends thereon for the current quarterly dividend period shall have been paid or declared and set apart for payment, or the Corporation shall have fulfilled its Mandatory Redemption Obligation and any redemption obligation in respect of the Preferred Shares, as the case may be, then the right of the holders of the Series B Preferred Stock and the Preferred Shares to elect such additional two directors shall cease (but subject always to the same provisions for the vesting of such voting rights in the case of any similar future arrearages in six quarterly dividends or failure to fulfill any Mandatory Redemption Obligation), and the terms of office of all persons elected as directors by the holders of the Series B Preferred Stock and the Preferred Shares shall forthwith terminate and the number of the Board of Directors shall be reduced accordingly. At any time after such voting power shall have been so vested in the holders of shares of Series B Preferred Stock and the Preferred Shares, the secretary of the Corporation may, and upon the written request of any holder of Series B Preferred Stock (addressed to the secretary at the principal office of the Corporation) shall, call a special meeting of the holders of the Series B Preferred Stock and of the Preferred Shares for the election of the two directors to be elected by them as herein provided, such call to be made by notice similar to that provided in the Bylaws of the Corporation for a special meeting of the stockholders or as required by law. If any such special meeting required to be called as above provided shall not be called by the secretary within 20 days after receipt of any such request, then any holder of shares of Series B Preferred Stock may call such meeting, upon the notice above provided, and for that purpose shall have access to the stock books of the Corporation. The directors elected at any such special meeting shall hold office until the next annual meeting of the stockholders or special meeting held in lieu thereof if such office shall not have previously terminated as above provided. If any vacancy shall occur among the directors elected by the holders of the Series B Preferred Stock and the Preferred Shares, a successor shall be elected by the Board of Directors, upon the nomination of the then-remaining director elected by the holders of the Series B Preferred Stock and the Preferred Shares or the successor of such remaining director, to serve until the next annual meeting of the stockholders or special meeting held in place thereof if such office shall not have previously terminated as provided above.

(c) Without the written consent of the holders of at least 66 2/3% in liquidation preference of the outstanding shares of Series B Preferred Stock or the vote of holders of at least 66 2/3% in liquidation preference of the outstanding shares of Series B Preferred Stock at a meeting of the holders of Series B Preferred Stock called for such purpose, the Corporation will not amend, alter or repeal any provision of the Certificate of Incorporation (by merger or otherwise) so as to adversely affect the preferences, rights or powers of the Series B Preferred Stock; provided that any such amendment that changes the dividend payable on, the conversion rate with respect to, or the liquidation preference of the Series B Preferred Stock shall require the affirmative vote at a meeting of holders of Series B Preferred Stock called for such purpose or written consent of the holder of each share of Series B Preferred Stock.

(d) Without the written consent of the holders of at least 66 2/3% in liquidation preference of the outstanding shares of Series B Preferred Stock or the vote of holders of at least 66 2/3% in liquidation preference of the outstanding shares of Series B Preferred Stock at a meeting of such holders called for such purpose, the Corporation will not issue any additional Series B Preferred Stock or create, authorize or issue any Parity Securities or Senior Securities or increase the authorized amount of any such other class or series; provided that paragraph 9(d) shall not limit the right of the Corporation to issue preferred stock ranking pari passu with the Series B Preferred Stock in connection with any merger in which the Corporation is the surviving entity.

(e) In exercising the voting rights set forth in this paragraph 9, each share of Series B Preferred Stock shall have one vote per share, except that when any other series of preferred stock shall have the right to vote with the Series B Preferred Stock as a single class on any matter, then the Series B Preferred Stock and such other series shall have with respect to such matters one vote per $50.00 of stated liquidation preference. Except as otherwise required by applicable law or as set forth herein, the shares of Series B Preferred Stock shall not have any relative, participating, optional or other special voting rights and powers and the consent of the holders thereof shall not be required for the taking of any corporate action.

(10) General Provisions. (a) The headings of the paragraphs, subparagraphs, clauses and subclauses of this Statement of Designations are for convenience of reference only and shall not define, limit or affect any of the provisions hereof.

(b) If the Corporation shall have failed to declare or pay dividends as required pursuant to paragraph (4) hereof or shall have failed to discharge any obligation to redeem shares of Series B Preferred Stock pursuant to paragraph (6) hereof, the holders of shares of Series B Preferred Stock shall be entitled to receive, in addition to all other amounts required to be paid hereunder, when, as and if declared by the Board of Directors, out of funds legally available for the payment of dividends, cash dividends on the aggregate dividends which the Corporation shall have failed to declare or pay or the redemption price, together with accrued and unpaid dividends thereon, as the case may be, at a rate of 2% per quarter, compounded quarterly, for the period during which the failure to pay dividends or failure to discharge an obligation to redeem shares of Series B Preferred Stock shall continue.

IN WITNESS WHEREOF, Comcast Corporation has caused this Statement of Designations to be signed and attested by the undersigned this 30th day of June, 1997.

COMCAST CORPORATION

By: /s/ Stanley Wang
Name: Stanley Wang
Title: Senior Vice President

ATTEST:

/s/ Arthur R. Block
Name: Arthur R. Block
Assistant Secretary

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

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COMCAST CORPORATION
1,000,000

6-MOS
DEC-31-1997
JUN-30-1997
1,265
144
513
(96)
305
2,286
3,906
(1,238)
13,197
1,803
6,787
500
32
349
566
13,197
2,315
2,315
(570)
(2,077)
(126)
0
(279)
(82)
(37)
(79)
0
(23)
0
(102)
(.32)
(.32)

loss before income tax expense and other items excludes the effect of minority interests, net of tax, of $40.